

# Severe Repetitive Loss (SRL) Pilot Program Guidance



**FEMA**

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<b>ACRONYM</b>	<b>DEFINITION</b>
ABFE	Advisory Base Flood Elevation
ADR	Alternative Dispute Resolution
ASCE	American Society of Civil Engineers
BCA	Benefit-Cost Analysis
BCR	Benefit-Cost Ratio
BFE	Base Flood Elevation
CBRA	Coastal Barrier Resource Act
CDBG	Community Development Block Grant
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CRS	Community Rating System
DHHS	Department of Health and Human Services
DHS	Department of Homeland Security
DUNS	Data Universal Numbering System
eGrants	Electronic Grants System
E.O.	Executive Order
FEMA	Federal Emergency Management Agency
FIRM	Flood Insurance Rate Map
FIS	Flood Insurance Study
FMA	Flood Mitigation Assistance Program
FY	Fiscal Year
HVAC	Heating, Ventilation, and Air Conditioning
ITP	Independent Third Party
IBC	International Building Code
ICC	Increased Cost of Compliance
IRS	Internal Revenue Service
NEMIS	National Emergency Management Information System
NFIF	National Flood Insurance Fund
NFIP	National Flood Insurance Program
NFPA	National Fire Protection Association
NHPA	National Historic Preservation Act
NOAA	National Oceanic and Atmospheric Administration
OMB	Office of Management and Budget
PDM	Pre-Disaster Mitigation Program
PNP	Private Non Profit
SEI	Structural Engineering Institute
SFHA	Special Flood Hazard Area
SRL	Severe Repetitive Loss
SOW	Scope of Work
SQANet	Simple and Quick Access Net
URA	Uniform Relocation Assistance and Real Property Acquisition Act of 1970
U.S.C.	United States Code
USPAP	Uniform Standards of Professional Appraisal Practice



### BACKGROUND

The Severe Repetitive Loss (SRL) Pilot Program, hereafter referred to as the SRL program, provides funding to reduce or eliminate the long-term risk of flood damage to severe repetitive loss residential structures insured under the National Flood Insurance Program (NFIP). The definition of severe repetitive loss as applied to this program was established in section 1361A of the National Flood Insurance Act, as amended (NFIA), 42 U.S.C. 4102a. An SRL property is defined as a **residential property** that is covered under an NFIP flood insurance policy and:

- (a) That has at least four NFIP claim payments (including building and contents) over \$5,000 each, and the cumulative amount of such claims payments exceeds \$20,000; or
- (b) For which at least two separate claims payments (building payments only) have been made with the cumulative amount of the building portion of such claims exceeding the market value of the building.

For both (a) and (b) above, at least two of the referenced claims must have occurred within any ten-year period, and must be greater than 10 days apart.

The long-term goal of the SRL program is to reduce or eliminate claims under the NFIP. The SRL program will fund mitigation projects, which will result in the greatest savings to the National Flood Insurance Fund (NFIF) in the shortest period of time, based on a Benefit-Cost Ratio (BCR) using Federal Emergency Management Agency (FEMA)-approved methodology to conduct the Benefit-Cost Analysis (BCA).

Participation in this program is voluntary. The SRL program differs from other FEMA mitigation grant programs in that those property owners who decline offers of mitigation assistance will be subject to increases in their insurance premium rates.

The SRL program was created pursuant to Section 1361A of the National Flood Insurance Act of 1968 (or “the Act”), 42 U.S.C. 4102A, as amended by the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, Public Law 108-264, with the goal of reducing flood damages to SRL properties. The Catalog of Federal Domestic Assistance (CFDA) number for the SRL program is 97.110.

FEMA published the interim final rule for the SRL program in the *Federal Register* at 72 FR 61720 on October 31, 2007. The regulations are codified at 44 C.F.R. Part 79.

SRL PROGRAM	KEY POINTS
<p>The SRL program funds projects that directly mitigate residential SRL properties. Eligible project activity types include:</p> <ul style="list-style-type: none"> <li>Acquisition and relocation of at risk structures and conversion of the property to open space;</li> <li>Elevation of existing structures to at least the Base Flood Elevation (BFE) or an Advisory Base Flood Elevation (ABFE) or higher. Mitigation reconstruction is permitted when traditional elevation cannot be implemented;</li> </ul>	<p><b>SRL GUIDANCE:</b> The SRL guidance document is available from the FEMA Regional Office or at: <a href="http://www.fema.gov/government/grant/srl/index.shtm">http://www.fema.gov/government/grant/srl/index.shtm</a>.</p>

Minor physical localized flood reduction projects; and

Dry floodproofing (historic properties only).

SRL program Applicants shall give priority to eligible project subapplications that demonstrate the greatest savings to the NFIF based on a BCR. The BCA must be completed using a FEMA-approved methodology.

AVAILABILITY OF FUNDS	KEY POINTS
<p><b>The SRL program is subject to the availability of appropriation funding, as well as any directive or restriction made with respect to such funds.</b></p> <p><b>Cost share:</b> FEMA may contribute up to 75 percent Federal funding for the amount approved under the grant award to implement approved activities. Any State or federally recognized Indian Tribal government that has taken actions to reduce the number of repetitive loss properties, including severe repetitive loss properties, and has a FEMA-approved State Mitigation Plan that specifies how it has and how it intends to reduce the number of such repetitive loss properties is eligible to receive an increased Federal cost share of up to 90 percent of the Federal funding for SRL grants.</p> <p>For mitigation reconstruction projects, the percentage of Federal funds may be lower than 75 percent, since there is a cap on the Federal contribution for such projects.</p> <p><b>Funding Allocations:</b> An Applicant’s target allocation is based on the national percentage of SRL properties present within the jurisdiction. The Applicant may apply for funding up to or exceeding its target allocation. States, Territories, and federally recognized Indian Tribal governments that do not meet the minimum threshold to receive a target allocation will be eligible to apply for a 10 percent set-aside of the SRL funds.</p> <p>Federally recognized Indian Tribal governments may receive funds through the 10 percent set-aside as a Grantee. Grant amounts allocated for Indian Tribal governments serving as the Grantee will not count against a State’s assigned target allocation.</p>	<p><b>Availability of Funds:</b> Interested Applicants should monitor the FEMA Web site at <a href="http://www.fema.gov/government/grant/srl/index.shtm">http://www.fema.gov/government/grant/srl/index.shtm</a> for details regarding program funding availability.</p>

ELIGIBILITY REQUIREMENTS	KEY POINTS
<p><b>Eligible Applicants:</b> State emergency management agencies or a similar office of the State (<i>i.e.</i>, the office that has primary emergency management or floodplain management responsibility); the District of Columbia; the U.S. Virgin Islands; the Commonwealth of Puerto Rico; American Samoa; Guam; the Commonwealth of the Northern Mariana Islands; and federally recognized Indian Tribal governments.</p> <p><b>Eligible Subapplicants:</b> State-level agencies, federally recognized Indian Tribal governments participating in the NFIP (including State-recognized Indian Tribes, authorized Indian Tribal organizations, and Alaska Native villages), and local communities that are participating in the NFIP.</p> <p><b>NFIP Participation:</b> All subapplicants must be participating in the NFIP, and must not be suspended or withdrawn from the NFIP, to be eligible to apply for SRL funds. Property owners who participate in the SRL program must have a flood insurance policy on the structure to be mitigated that is current at the time</p>	<p><b>NFIP PARTICIPATION:</b> All subapplicants must be actively participating in the NFIP (must not be suspended or withdrawn) to be eligible to apply for SRL funds.</p> <p>A flood insurance policy for the structure to be mitigated must be maintained through award, or until property transfer is complete.</p>

of application and maintained through award, or until property transfer is complete.

**Mitigation Plan Requirement:** All Applicants must have a FEMA-approved State Mitigation Plan (Standard or Enhanced) or Tribal Mitigation Plan by the application deadline to be eligible to receive project grant funding under the SRL program, in accordance with 44 CFR Part 201. In addition, all subapplicants must have a FEMA-approved hazard mitigation plan by the application deadline to be eligible to receive project grant funding under the SRL program. In order to be eligible for an increased cost share of up to 90 percent, the FEMA-approved State or Tribal Standard Mitigation Plan must be in effect at the time of grant award. If any plan is due to lapse soon after application, project award may be held pending approval of a new or updated plan.

#### MITIGATION PLAN

**REQUIREMENT:** Projects submitted for consideration must be consistent with the goals and objectives identified in the current FEMA-approved State/tribal hazard mitigation plan and the Tribal/local hazard mitigation plan for the jurisdiction in which the activity is located.

### CONSULTATION WITH THE PROPERTY OWNER

**The Consultation Process:** The consultation process is a required notification and information gathering process. The subapplicant will consult with the property owner prior to submitting the subgrant application on project activity types, estimated costs, and insurance implications, as well as, the right to appeal. The subapplicant will make the consultation process as simple and streamlined as possible for the property owner. The consultation does not represent a formal offer of mitigation assistance.

### KEY POINTS

**CONSULTATION PROCESS:** The goal of this process is for the Applicant/subapplicant to notify the property owner that his/her property will be included in an SRL subapplication, discuss pertinent program requirements, and identify appropriate mitigation activities.

### APPLICATION PROCESS

**Application Submission:** Following consultation, Applicants must submit the complete grant application, including subapplications and any supporting documentation, using the web-based, electronic grant (eGrants) management system. Only SRL grant applications submitted through eGrants will be accepted. If a subapplicant does not use the eGrants system, the Applicant must enter the subapplicant's paper subapplications into eGrants on their behalf using the Paper Subapplication Intake function.

### KEY POINTS

**eGRANTS TECHNICAL ASSISTANCE:** FEMA will provide technical assistance regarding the eGrants system through the eGrants Helpdesk: 1-866-476-0544 or [mtegrants@dhs.gov](mailto:mtegrants@dhs.gov).

**Cost-Effectiveness Requirement:** The SRL program funds cost-effective mitigation activities, demonstrated by a BCR of 1.0 or greater. A BCA is a well-established method for quantitatively comparing the benefits and costs of mitigation projects. Applicants are required to submit a BCA for each mitigation project and adequate documentation for a complete review and analysis of the project.

#### COST-EFFECTIVENESS

**REQUIREMENT:** Only FEMA-approved BCA methodologies may be used to meet this requirement.

**Feasibility and Effectiveness Requirement:** Mitigation projects funded by the SRL program must be both feasible and effective at mitigating the hazard(s) for which the project was designed. FEMA will use the information provided in the project subapplication and supporting documentation to review the engineering feasibility and effectiveness of the proposed project.

#### FEASIBILITY AND

**EFFECTIVENESS:** Mitigation projects must be both feasible and effective at mitigating the hazards for which the project was designed.

**Environmental/Historic Preservation:** Applicants/subapplicants must answer a series of Environmental/Historic Preservation review questions in the project subapplication to provide information about environmental resources and/or historic properties in the project area and potential impacts to those resources. FEMA's Environmental/Historic Preservation review is completed

#### ENVIRONMENTAL/HISTORIC

#### PRESERVATION REVIEW:

FEMA coordinates with Applicants and subapplicants to complete the Environmental/

as part of pre-award activities.

**Project Technical Assistance:** Technical assistance for Engineering Feasibility, BCA, and Environmental/Historic Preservation compliance is available through the FEMA Technical Assistance Helplines.

Historic Preservation compliance review for projects selected for further review as part of pre-award activities. Funds may not be awarded and the project can not be initiated until the review is complete.

**PROJECT TECHNICAL ASSISTANCE HELPLINE:**

Phone:  
(866) 222-3580 (toll free)  
E-mail:

[enghelpline@dhs.gov](mailto:enghelpline@dhs.gov)  
[bchelpline@dhs.gov](mailto:bchelpline@dhs.gov)  
[ehhelpline@dhs.gov](mailto:ehhelpline@dhs.gov)

MANAGEMENT COSTS	KEY POINTS
<p><b>Applicant Management Costs:</b> A separate management cost subapplication must be submitted for Applicant management costs. Applicants may include a maximum of 10 percent of the total funds requested in their SRL grant application budget (Federal and non-federal shares) to support the project subapplications.</p> <p><b>Subapplicant Management Costs:</b> Subapplicants may include a maximum of 5 percent of the total funds requested in their project subapplication for management costs to support the project. Subapplicants requesting management costs should provide supporting documentation and include these costs as separate line items in the Cost Estimate. Subapplicant management costs must be included in the project’s BCA.</p>	<p><b>APPLICANT MANAGEMENT COSTS:</b> A separate management cost subapplication must be submitted for Applicant management costs.</p> <p><b>SUBAPPLICANT MANAGEMENT COSTS:</b> Subapplicants may include a maximum of 5 percent of the total funds requested in their project subapplication for management costs to support the project.</p>
APPLICATION REVIEW	
<p><b>Applicant Level Review:</b> Project subapplications are reviewed by the Applicant to ensure all program requirements are met. Applicants should submit eligible mitigation project subapplications against their target allocation.</p> <p><b>FEMA Review:</b> Project applications and subapplications are reviewed by the FEMA Regional Offices for Eligibility and Completeness, Cost Effectiveness, Engineering Feasibility and Effectiveness, and Environmental/Historic Preservation Compliance. Project subapplications that do not satisfy program requirements may be removed from consideration.</p>	
RANKING AND SELECTION	KEY POINTS
<p><b>Ranking:</b> FEMA ranks eligible mitigation project subapplications on the basis of the greatest savings to the NFIF. Projects are ranked from highest to lowest according to the FEMA-validated BCR for the project.</p> <p><b>SRL Target Allocation Application Selection:</b> Subapplications from Applicants receiving an SRL target allocation will be selected for further review up to their target allocation based on the greatest savings to the NFIF, as demonstrated by the FEMA-validated BCR.</p> <p><b>SRL Set-aside Application Selection:</b> Subapplications from Applicants</p>	<p><b>Ranking and Selection:</b> FEMA will utilize the validated BCR to rank and prioritize projects for further review.</p>

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without an SRL target allocation will be selected for further review on a national basis based on the greatest savings to the NFIP, as demonstrated by the FEMA-validated BCR.

MITIGATION OFFER PROCESS	KEY POINTS
<p><b>Mitigation Offer:</b> The mitigation offer process begins once FEMA has awarded the grant funds to the Grantee and the Grantee has provided the grant funds to the subgrantee. The subgrantee will extend the formal Mitigation Offer to each property owner through a Mitigation Offer Letter.</p> <p><b>Insurance Implications for Declining the Mitigation Offer:</b> SRL property owners who decline a formal offer of mitigation under the SRL program will be subject to an increase in their insurance premium rates under the NFIP. SRL property owners may appeal insurance premium rate increases as outlined in the SRL program guidance.</p>	<p><b>Mitigation Offer:</b> Subgrantees are responsible for extending the formal Mitigation Offer to property owners following grant award.</p>

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## SECTION 1 GRANT APPLICATION GUIDANCE

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### 1.1 PURPOSE

The Severe Repetitive Loss (SRL) Pilot Program, hereafter referred to as the SRL program, provides funding to reduce or eliminate the long-term risk of flood damage to severe repetitive loss residential structures insured under the National Flood Insurance Program (NFIP). The definition of severe repetitive loss as applied to this program was established in section 1361A of the NFIA, 42 U.S.C. 4102a. An SRL property is a **residential property** that is covered under an NFIP flood insurance policy and:

- (a) That has at least four NFIP claim payments (including building and contents) over \$5,000 each, and the cumulative amount of such claims payments exceeds \$20,000; or
- (b) For which at least two separate claims payments (building payments only) have been made with the cumulative amount of the building portion of such claims exceeding the market value of the building.

For both (a) and (b) above, at least two of the referenced claims must have occurred within any ten-year period, and must be greater than 10 days apart.

The long-term goal of the SRL program is to reduce or eliminate claims under the NFIP through project activities that will result in the greatest savings to the National Flood Insurance Fund (NFIF) in the shortest period of time. Individual property owners who decline offers of mitigation assistance under the SRL program will be subject to insurance premium rate increases; however, such increases may be appealed under certain conditions.

FEMA may contribute up to 75 percent Federal funding for the amount approved under the grant award to implement approved activities. Any State or federally recognized Indian Tribal government that has taken actions to reduce the number of repetitive loss properties, including severe repetitive loss properties, and has a FEMA-approved State Mitigation Plan that specifies how it has and how it intends to reduce the number of such repetitive loss properties is eligible to receive an increased Federal cost share of up to 90 percent Federal funding for SRL grants.

### 1.2 SRL PROGRAM

The SRL program will provide funding for projects that directly mitigate the flood risk to SRL properties. Eligible activities are:

- a) Acquisition and relocation of at risk structures and conversion of the property to open space;
- b) Elevation of existing structures to at least the Base Flood Elevation (BFE) or an Advisory Base Flood Elevation (ABFE) or higher. For the SRL program only,

mitigation reconstruction is permitted only when traditional elevation cannot be implemented;

- c) Minor physical localized flood reduction projects; and
- d) Dry floodproofing (historic properties only).

Applicants shall give priority to applications that demonstrate the greatest savings to the NFIF based on a Benefit-Cost Ratio (BCR) using a FEMA-approved methodology. FEMA's list of prioritized properties based on insurance history can be a useful tool in this process.

For the NFIF to realize the greatest savings in the shortest period of time from SRL projects, Applicants shall submit project subapplications that can be obligated 1 year from the close of the application deadline and completed within 3 years from the date of award. Extensions of grant performance periods may be approved as described in section 1.12, Extensions of Grant Performance Periods.

Subapplications from Applicants receiving an SRL target allocation will be selected for further review up to their target allocation based on the greatest savings to the NFIF, as demonstrated by the FEMA-validated BCR. Subapplications from Applicants without an SRL target allocation will be selected for further review on a national basis, based on the greatest savings to the NFIF, as demonstrated by the FEMA-validated BCR.

### **1.3 AUTHORIZATION AND APPROPRIATION**

The SRL program is subject to the availability of appropriation funding, as well as any directive or restriction made with respect to such funds.

#### **1.3.1. AUTHORIZATION AND APPROPRIATION**

The SRL program was created pursuant to Section 1361A of the National Flood Insurance Act of 1968 (or "the Act"), 42 U.S.C. 4102a, as amended by the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, Public Law 108-264, with the goal of reducing flood damages to SRL properties. The Catalog of Federal Domestic Assistance (CFDA) number for the SRL program is 97.110.

FEMA published the interim final rule for the SRL program in the *Federal Register* at 72 FR 61720 on October 31, 2007. The regulations are codified at Title 44 of the Code of Federal Regulations (CFR) Part 79 (44 C.F.R. Part 79).

#### **1.3.2. SRL TARGET ALLOCATIONS AND TEN PERCENT SET-ASIDE**

An Applicant's target allocation is based on the national percentage of SRL properties present within the jurisdiction. States, Territories, and federally recognized Indian Tribal governments that do not meet the minimum threshold to receive a target allocation will be eligible to apply for a 10 percent set-aside of the SRL funds.

In addition, federally recognized Indian Tribal governments may receive SRL funds through this set-aside as either a Grantee or subgrantee. The funds awarded to Indian

Tribal governments serving as the Grantee will not count against a State's assigned target allocation.

### **1.3.3. REDISTRIBUTION OF FUNDS**

For any of the following cases, FEMA may redistribute funds in any given fiscal year:

- An Applicant with a target allocation chooses not to participate in the SRL program;
- An Applicant's target allocation exceeds the amount of eligible subapplications submitted; or
- Applicants included in the 10 percent set-aside have not submitted subapplications up to the set-aside amount.

FEMA may redistribute funds to Applicants with eligible subapplications that exceed either of the following:

- Their target allocations; or
- The amount of the 10 percent set-aside.

In all cases, FEMA will give priority to subapplications based on the FEMA-validated BCR. This will provide opportunities for other Applicants and subapplicants to carry-out eligible activities in accordance with program goals.

## **1.4 SRL PROGRAM ELIGIBILITY**

### **1.4.1. ELIGIBLE APPLICANTS**

Entities eligible to apply to FEMA for SRL grants include State emergency management agencies or a similar office of the State (*i.e.*, the office that has primary emergency management or floodplain management responsibility); the District of Columbia; the U.S. Virgin Islands; the Commonwealth of Puerto Rico; American Samoa; Guam; the Commonwealth of the Northern Mariana Islands; and federally recognized Indian Tribal governments. Each State, Territory, or federally recognized Indian Tribal government shall designate one agency to serve as the Applicant for the SRL program.

In accordance with 44 CFR Part 79 and FEMA policy "Government-to-Government Relations with American Indian and Alaska Native Tribal governments," published in the January 12, 1999, issue of the *Federal Register*, federally recognized Indian Tribal governments may choose to apply for SRL grants either through the State as a subapplicant or directly to FEMA as an Applicant. This choice is independent of a designation under other FEMA grants and programs. Some State regulations prohibit the State from acting as an Applicant for an Indian Tribe. In such cases, or if the federally recognized Indian Tribal government chooses, the Tribal government may

act as an Applicant. If awarded funding, the Indian Tribal government assumes the full responsibilities of a Grantee for the purposes of administering the grant. FEMA has determined that the unique status of Indian Tribal governments justifies providing this option to apply directly to FEMA. However, when legally permitted, Indian Tribal governments are encouraged to continue existing relationships with the State.

#### **1.4.2. ELIGIBLE SUBAPPLICANTS**

Only the following entities are eligible to apply to the applicant for assistance:

- a) State-level agencies;
- b) Federally recognized Indian Tribal governments participating in NFIP, including State-recognized Indian Tribes, authorized Indian Tribal organizations, and Alaska Native villages; and
- c) Local communities that are participating in the NFIP.

Certain non-participating political subdivisions (*e.g.*, Councils of Governments, Regional Planning Commissions, or County governments) may apply and act as subgrantee on behalf of the NFIP-participating community in areas where the political subdivision provides zoning and building code enforcement, or planning and community development professional services for that community. Only those NFIP-participating communities or federally recognized Indian Tribal governments that are not suspended or withdrawn from the NFIP are eligible to receive SRL grant funds. Private non profit (PNP) organizations and individuals are not eligible subapplicants; however, a relevant State agency or local community may apply to the Applicant for assistance to mitigate privately owned or PNP-owned SRL properties.

#### **1.4.3. ELIGIBLE PROPERTIES**

Only residential properties meeting the definition of SRL properties are eligible for flood mitigation grant funding through the SRL program. Property owners who participate in an SRL mitigation project must have a flood insurance policy on the structure to be mitigated that is current at the time of application and maintained through completion of the project, or for acquisition projects, until the transfer of ownership.

### **1.5 APPLICATION PROCESS**

All applicants must submit the complete grant application, including each subapplication and any supporting documentation, through the web-based, electronic grants (*eGrants*) management system. Subapplicants should consult the designated SRL Point of Contact in their State, Territory, or federally recognized Indian Tribal government for more information regarding the application process. Applicants are strongly encouraged to establish an earlier deadline for subapplicants to submit project subapplications in order to allow time to review and give priority to project subapplications prior to submission to FEMA. Application instructions are also available at:

<http://www.fema.gov/government/grant/srl/index.shtm>.

Application Procedures for States, Territories, and federally recognized Indian Tribal governments:

- Applicants with target allocations can submit SRL projects up to or in excess of their allocation. Applicants are encouraged to submit subapplications in excess of their target allocation in the event that some subapplications are determined ineligible.
- Applicants not meeting the minimum threshold for a target allocation can submit SRL projects to the 10 percent set-aside. The FEMA Regional Office may forward these applications to FEMA headquarters for review and national ranking according to the FEMA-validated BCR.
- Federally recognized Indian Tribal governments are encouraged to request SRL assistance through their State emergency management office or floodplain management agency (*i.e.*, State agencies normally responsible for other FEMA mitigation programs). The State agency will contact the FEMA Regional Office when serving as a Grantee on behalf of an Indian Tribal government. Funds awarded to an Indian Tribal government applying as a subapplicant through the State will be considered part of the State’s target allocation.
- A federally recognized Indian Tribal government serving as the applicant can submit SRL projects to the 10 percent set-aside and therefore apply directly to FEMA if:
  - The State does not meet the minimum threshold for receiving an SRL target allocation;
  - The State will not or cannot serve as Grantee for the federally recognized Indian Tribal government; or
  - The federally recognized Indian Tribal government prefers to act as an applicant/Grantee.

Funds awarded to a federally recognized Indian Tribal government applying as an Applicant will not count against a State’s target allocation.

#### **1.5.1. MITIGATION PLAN REQUIREMENT**

To be eligible to apply for a SRL grant, Applicants must have a FEMA-approved State Mitigation Plan (Standard or Enhanced) or Tribal Mitigation Plan in compliance with 44 CFR Part 201 by the application deadline. Similarly, subapplicants must have a FEMA-approved local mitigation plan or Tribal mitigation plan in compliance with 44 CFR Part 201 that addresses flood hazards by the application deadline to be eligible to receive project grant funding under the SRL program. The jurisdiction in which the project is physically located must also have a FEMA-approved local mitigation plan.

A State, Indian Tribal government, territory, or local government with a hazard mitigation plan that expires prior to the award of a grant or subgrant must have a FEMA-approved hazard mitigation plan in accordance with 44 CFR Part 201 in order to receive grant funding.

All activities submitted for consideration must be consistent with the Applicant's State Mitigation Plan (Standard or Enhanced) or Tribal Mitigation Plan and the subapplicant's local or Tribal mitigation plan for the local jurisdiction in which the activity is located. *Please See FEMA's planning Web site at:*  
<http://www.fema.gov/plan/mitplanning/index.shtm>.

Applicants are encouraged to amend their plans to include a strategy for mitigating repetitive loss properties. To be eligible to receive an increased Federal cost share of up to 90 percent for SRL project grants, mitigation plans must include severe repetitive loss properties. States may address the repetitive loss strategy through an amendment to their existing FEMA-approved State Mitigation Plan. Amendments must be submitted to the respective FEMA Regional Office at least 45 days prior to the application deadline to allow time for review and, if necessary, revisions by the State. The amendments must be approved by the respective FEMA Regional Office no later than the application deadline in order to be eligible for the increased cost share for SRL program grants. Further, in order to maintain eligibility, States are required to incorporate any amendments, including their severe repetitive loss strategy, into their State Mitigation Plan at the next required 3-year review and update.

In order to be eligible for an increased Federal cost share of up to 90 percent under the SRL program, the FEMA-approved State or Tribal Standard Mitigation Plan must be in effect at grant award and also meet all of the requirements described below:

- a) **Repetitive Loss Strategy** - 44 CFR § 201.4(c)(3)(v): *A State may request the reduced cost share authorized under § 79.4(c)(2) of this chapter for the FMA and SRL programs, if it has an approved State Mitigation Plan meeting the requirements of this section that also identifies specific actions the State has taken to reduce the number of repetitive loss properties (which must include severe repetitive loss properties), and specifies how the State intends to reduce the number of such repetitive loss properties...*

This requirement supplements the risk assessment and mitigation strategy portions of the plan required under §§ 201.4(c)(2) and (3) by specifically identifying goals, capabilities, and actions that will reduce the number of repetitive loss properties, including severe repetitive loss properties.

The mitigation strategy is based on the State's Risk Assessment as required under § 201.4(c)(3)(ii). Therefore, the State must address repetitive loss structures in its risk assessment, where applicable. For example, in its overview of Estimating Potential Losses by Jurisdiction under § 201.4(c)(2)(iii), the State may analyze potential losses to identified repetitive

loss properties based on estimates provided in local risk assessments. The Plan should refer generally to geographic areas where concentrations of repetitive loss properties are located for the purpose of identifying and prioritizing areas for mitigation projects, or the plan may list the number of repetitive loss properties with aggregate repetitive loss data.

The State Hazard Mitigation Goals under § 201.4(c)(3)(i) must support the selection of activities to mitigate and reduce potential losses to structures susceptible to flood damage, including repetitive loss properties. In addition, the State and Local Capability Assessments required under § 201.4(c)(3)(ii) must include an evaluation of policies, programs, and capabilities that allow the mitigation of repetitive losses from flood damage.

The State must describe specific actions that it has implemented to mitigate repetitive loss properties, and specifically actions taken to reduce the number of severe repetitive loss properties as a subset of all repetitive loss properties in the State. If the State cannot show that any action has ever been taken to reduce the number of such properties, this criteria cannot be met.

Based on the findings of the risk assessment, the State must identify actions in the statewide mitigation strategy that specifically address repetitive loss properties, including those that are severe repetitive loss properties. This supplements the mitigation actions requirement under § 201.4(c)(3)(iii). Mitigation actions should be tied to goals and objectives and provide the means to achieve them. Actions should have been identified in the planning process, and local plans should be consistent with state-wide actions.

As part of the mitigation strategy, the plan must also describe the current funding sources as well as potential sources that will be pursued to fund proposed mitigation actions for repetitive loss properties. This supplements the identification of funding requirement under § 201.4(c)(3)(iv).

- b) **Coordination With Repetitive Loss Jurisdictions** - 44 CFR § 201.4(c)(3)(v): *...In addition, the plan must describe the strategy the State has to ensure that local jurisdictions with severe repetitive loss properties take actions to reduce the number of these properties, including the development of local mitigation plans.*

The State is required to identify strategies that encourage local communities to mitigate severe repetitive loss properties, including the development of local mitigation plans. This supplements the Coordination of Local Mitigation Planning portion of the plan under § 201.4(c)(4). At a minimum, the State must include severe repetitive loss in the description of its process for providing funding and technical assistance to prepare mitigation plans (§ 201.4(c)(4)(i)), and in its criteria for prioritizing communities that have such properties for planning and project grant assistance (§201.4(c)(4)(iii)). Other strategies for encouraging local communities to mitigate severe repetitive loss

properties should be demonstrated through specific actions identified in the Mitigation Strategy.

### **1.5.2. PRIVACY OF REPETITIVE LOSS DATA**

The State should check with its Attorney General about applicable State public records acts or privacy laws that may affect the disclosure and use of severe repetitive loss or other categories of repetitive loss data. The records are protected pursuant to the Privacy Act of 1974 (5 U.S.C. 552a) and must not be publicly disclosed. FEMA shares this information at its discretion and may choose not to provide this information in the future to States or communities if it finds unauthorized use of this information has occurred. Individuals may seek access to information about their own property from States and communities, such as whether their property address is on the severe repetitive loss list or other repetitive loss list, the number of claims filed, and amounts paid to previous owners.

### **1.5.3. PRIVACY OF THE PROPERTY OWNER**

All information related to the individual property owner and/or individual property that is collected during the consultation process, as detailed in section 5.1, The SRL Consultation Process, shall be protected in accordance with the Privacy Act of 1974 and similar State and local laws and ordinances.

### **1.5.4. NATIONAL FLOOD INSURANCE PROGRAM PARTICIPATION**

All subapplicants must be participating in the NFIP, and must not be suspended or have withdrawn from the NFIP, to be eligible to apply for SRL funds and to act as subgrantee. Certain non-participating political subdivisions (*e.g.*, Councils of Governments, Regional Planning Commissions, or County governments) may apply and act as subgrantee on behalf of the NFIP-participating community in areas where the political subdivision provides zoning and building code enforcement or planning and community development professional services for that community. In addition, federally recognized Indian Tribal governments applying directly to FEMA for SRL grants must also be participating in the NFIP. SRL funds shall not be used to support project activities in communities that are not participating in the NFIP.

### **1.5.5. NON-DISCRIMINATION**

Like other FEMA mitigation programs, the SRL program must be administered in an equitable and impartial manner, without discrimination on the grounds of race, color, religion, nationality, sex, age, disability, English proficiency, or economic status. The SRL program, including State and local governments distributing Federal assistance, is to be implemented in compliance with Title VI of the 1964 Civil Rights Act and other applicable laws. All applicants/Grantees must comply with Title VI, including State and local governments distributing Federal assistance.

In implementing the SRL program, Applicants/Grantees and subapplicants/subgrantees will ensure that no discrimination is practiced. Applicants must consider fairness, equity, and equal access when prioritizing and selecting project subapplications to submit with their SRL application. Subapplicants and

subgrantees must ensure fairness, equity, and equal access when consulting and making offers of mitigation to property owners that benefit from mitigation activities.

#### **1.5.6. DEMONSTRATING COST EFFECTIVENESS OF MITIGATION PROJECTS**

The SRL program must fund cost-effective mitigation activities. To ensure this objective is met, a FEMA-approved Benefit-Cost Analysis (BCA) is required for all mitigation projects. Applicants shall evaluate subapplicant projects based on their cost-effectiveness as demonstrated through a FEMA-approved benefit-cost methodology. A BCA is a well-established method for quantitatively comparing the benefits and costs of mitigation projects. The end result is a BCR, which is derived from a project's total net present value of benefits (*i.e.*, the value of benefits today versus the value of future benefits after taking inflation and rate of return into account) divided by the total project cost to include all documented project and maintenance costs. Project subapplications must demonstrate cost-effectiveness through a BCR of 1.0 or greater.

Applicants and subapplicants must use the guidelines in section 3.11, Cost-Effectiveness, for conducting a BCA for mitigation reconstruction projects. Applicants and subapplicants may be required to submit BCA data on individual properties to the Regional Administrator or an Independent Third Party (ITP) in the event of an appeal.

#### **1.5.7. GEOCODING REQUIREMENTS**

The location of all approved mitigation projects funded by the SRL program must be geo-coded using standard datum. Geospatial coordinates, in the form of latitude and longitude with an accuracy of +/- 20 meters (64 feet), must be provided as follows:

- Property specific information on individual properties in the project ; and
- Project sites for mitigation activities such as minor, localized flood reduction.

The guidance for Geocoding Mitigation Data is available online from the FEMA Information Resources Library:

<http://www.fema.gov/library/viewRecord.do?id=1849> and from FEMA Regional Offices. FEMA will work with Applicants to ensure this information is provided prior to award.

#### **1.5.8. ACCESS TO REPETITIVE LOSS DATA**

State NFIP Coordinators may access an internet-based version of BureauNet, called Data Exchange. State NFIP Coordinators, State Hazard Mitigation Officers, and other approved State staff may access an internet portal called Simple and Quick Access Net (SQANet), developed as part of the FEMA NextGen project. Data Exchange allows the users to access and download current claims, policy, and repetitive loss data. SQANet allows users to download repetitive loss data and SRL data validated by FEMA, aiding in the identification of SRL properties eligible for mitigation under the program.

Currently, local governments cannot access Data Exchange or SQANet and it is the responsibility of the State or FEMA Regional Office to provide SRL property information and if necessary claims, policy, and repetitive loss data to interested local governments. States may access this sensitive data and may provide it directly to local governments on the basis of their status as approved users. The approved users are limited to those engaging in floodplain management, improved real property acquisitions, and relocation projects that are consistent with the NFIP.

State staff wishing to gain access to sensitive NFIP data may request a login ID and password for SQANet by visiting the NFIP Bureau and Statistical Agent Pilot Portal: <http://www.nfipnextgen.com/help.html>.

States accessing BureauNet and SQANet records are advised of and must acknowledge the sensitive nature of the information and the need to protect the release of the data to unauthorized users. When the data are released to a local government by either the State or the FEMA Regional Office, the recipient must be notified in writing that the records relating to individuals and individual properties are:

“being made available through the FEMA routine use policy for the specific purposes of mitigation planning, research, analysis, and feasibility studies consistent with the NFIP and for uses that further the floodplain management and hazard mitigation goals of the States and FEMA.”

## **1.6 SRL PROGRAM RESTRICTIONS**

### **1.6.1. DUPLICATION OF PROGRAMS**

FEMA will not provide assistance under the SRL program for activities that it determines another Federal program has a more specific or primary authority to provide. FEMA also will not provide assistance for the Applicant or subapplicant's legal obligations. FEMA may disallow or recoup amounts that duplicate other authorities.

### **1.6.2. DUPLICATION OF BENEFITS**

FEMA will not provide assistance under the SRL program for activities that duplicate benefits received by or available to Applicants, subapplicants, and other project participants from insurance, other assistance programs, legal awards, or any other source to address the same purpose. Such individuals or entities must notify the Grantee and FEMA of all benefits that they receive or anticipate from other sources for the same purpose, and must seek all such benefits available to them. FEMA will reduce the SRL grant by the amounts available for the same purpose from another source.

If FEMA provides assistance under the SRL program when other benefits are available, the Grantee will be liable to FEMA for any duplicative amounts that are received from other sources, and must reimburse FEMA for such amounts. FEMA

also will not provide assistance for the Applicant or subapplicant's legal obligations, such as those imposed by a legal settlement, court order, or State law.

FEMA funds cannot duplicate amounts available to the property owner from other sources. The property owner must identify any other sources of funds that may be reasonably available to the property owner for the mitigation activity such as:

- Funds to compensate in whole or part for the value of the property;
- Funds to address any property damage, such as applicable insurance policies; and/or
- Other assistance, legal claims, or third party legal obligations.

If such amounts become available to the property owner even after the offer of mitigation is made, for example after the acquisition of a property, the amounts received from FEMA will then be considered a duplication of benefits, and the property owner must inform the subapplicant and repay such duplicated amounts.

### **1.6.3. CONFLICT OF INTEREST**

Applicants and subapplicants must avoid conflict of interest. Subapplicants must comply with the procurement guidelines at 44 CFR § 13.36, which urges subapplicants to avoid situations where local officials with oversight authority might benefit financially from the grant disbursement. In addition, 44 CFR § 13.36 requires the subgrantee to ensure that their procurements are subject to full and open competition and undergo a cost or price analysis before award. Applicants must comply with guidelines for awarding and administering subgrants as stated in 44 CFR § 13.37.

### **1.6.4. COST OVERRUNS AND COST UNDERUNS**

If cost overruns are anticipated for obligated project activities, the Grantee shall inform the Regional Administrator who will verify the circumstances, including costs incurred and activities completed, and either approve or disapprove requests for funding.

For SRL project grants, overruns may only be considered if the Project grant, including the overrun amount, would continue to meet programmatic eligibility requirements, including cost-effectiveness and cost-share.

Cost under-runs (i.e., unexpended funds) remaining after the expiration of the performance period must be reported to FEMA for deobligation. Cost under-runs from one subapplication cannot be used to meet the cost overrun associated with another subapplication.

## **1.7 FEMA ELECTRONIC GRANTS SYSTEM**

FEMA requires applicants to use *eGrants* for the SRL program as it facilitates the application process and simplifies the selection and award process. FEMA has developed

the *eGrants* system to meet the intent of the *eGovernment* initiative authorized by the Federal Financial Assistance Management Improvement Act of 1999, Public Law 106–107, passed on November 20, 1999. This initiative requires that all government agencies both streamline the grant application processes and provide the means to electronically create, review, and submit a grant application via the Internet.

Applicants must use *eGrants*: <https://portal.fema.gov/famsVuWeb/home> to submit an SRL grant application for project and management cost subapplications. Only SRL grant applications submitted through the *eGrants* system will be accepted. If a subapplicant does not use the *eGrants* system, the Applicant must enter the subapplicant’s paper subapplication(s) into the *eGrants* system on their behalf using the Paper Subapplication Intake function. Paper project subapplications that follow the *eGrants* format are available in the *eGrants* system for subapplicants to use. Applicants must submit an original and two copies of any supporting documentation that cannot be electronically attached to the *eGrants* application (*e.g.*, engineering drawings, photos, maps) to the appropriate FEMA Regional Office. The entire application, including all paper documentation, must be received by the appropriate FEMA Regional Office by the application deadline. Paper duplicates of attachments submitted with subapplications in *eGrants* are not necessary.

FEMA’s *eGrants* system incorporates all elements of the SRL application in a user-friendly format for both Applicant and subapplicant use. The electronic process replaces the paper-based process in that subapplicants’ project subapplications may be electronically submitted to the Applicant for review and approval in *eGrants*. Then, the Applicant must attach the subapplications of the subapplicants to a grant application along with the Applicant’s own project and management cost subapplications, if any, for submission to FEMA. FEMA uses the *eGrants* system to monitor ongoing performance, manage the flow of Federal funds, and close out the grant award when all work is completed.

In addition to the online help available within the *eGrants* system and the Grantee and subgrantee Quick Reference Guides available at <http://www.fema.gov/government/grant/egrants.shtm>, FEMA has established an *eGrants* Helpdesk to provide technical assistance to Applicants and subapplicants completing subapplications and grant applications in the *eGrants* system. The *eGrants* Helpdesk can be reached via telephone: 1 (866) 476-0544 or e-mail: [mtegrants@dhs.gov](mailto:mtegrants@dhs.gov). Standard hours of operation are 9 a.m. to 5 p.m. Eastern Time. Hours may be extended during the application period.

### **1.7.1. APPLICANT REVIEW OF SUBAPPLICATIONS**

Applicants must review and approve all subapplications in *eGrants* before they can be attached to a grant application. Applicants should review all project subapplications for eligibility, completeness, and consistency with the Applicant’s Standard or Enhanced Hazard Mitigation Plan and the goals and objectives of the applicable local hazard mitigation plan prior to inclusion in the Grant application. Applicants may return subapplications to subapplicants for revisions in *eGrants* as necessary.

Applicants must certify that they have evaluated the activities included in each

subapplication to address all program requirements and that they will be implemented in accordance with 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.

## 1.8 GRANT APPLICATION CHECKLIST

Applicants must provide the following in their SRL grant application in order to be eligible for consideration:

- a) **Applicant Information:** Provide name, Grant type, and State of the Applicant, State and Federal tax numbers, Federal Employer Identification Number, and Data Universal Numbering System (DUNS) number. Indicate whether the Applicant has a Smartlink account, whether the application is subject to review by the Executive Order (E.O.) 12372 process (select “Program is not covered by E.O. 12372” in *eGrants*, if applicable), and whether the applicant is delinquent on any Federal debt.
- b) **Contact Information:** Provide the name, agency, and address for the point of contact for the grant application.
- c) **Subgrant applications:** Include the total number of subapplications for eligible project activities that the Applicant has reviewed and approved in *eGrants*. A separate management cost subapplication must be submitted for Applicant management costs.
- d) **Schedule:** Provide the title of the grant application and the overall projected performance period for the grant, and ensure that the work schedule for each subapplication included with the grant application is appropriate, *see section 3.8, [Scope of Work](#)*.
- e) **Budget:** Ensure that the requested Cost Estimate for each subapplication is acceptable and provide the grant budget class for each item. Provide documentation to support a non-Federal cost share of up to 25 percent if applicable. Provide an Approved Indirect Cost Agreement, if applicable.
- f) **Properties:** Ensure that all of the properties in each project subapplication are included and eligible for funding, if applicable.
- g) **Assurance and Certifications:** Complete the assurances, including Non-Construction Programs, [FEMA Form 20-16A](#), if applicable; Assurances-Construction Programs, FEMA Form 20-16B; Certification Regarding Lobbying, Debarment, Suspension, and Other Responsible Matters; Drug-Free Workplace Requirements, [FEMA Form 20-16C](#); and Disclosure of Lobbying Activities, [Standard Form LLL](#), if applicable.

## 1.9 COST SHARE REQUIREMENTS

FEMA may contribute up to 75 percent Federal funding for the amount approved under the grant award to implement approved activities. Any State or federally recognized

Indian Tribal government that has taken actions to reduce the number of repetitive loss properties, including severe repetitive loss properties, and has a FEMA-approved State Mitigation Plan that specifies how it has and how it intends to reduce the number of such repetitive loss properties (*See section 1.5.1., Mitigation Plan Requirement*) in compliance with 44 C.F.R. 201.4(c)(3)(v), as determined by FEMA, is eligible to receive an increased Federal cost share of up to 90 percent Federal funding for SRL grants.

For mitigation reconstruction projects, the percentage of Federal funds may be lower than 75 percent, since there is a cap on the Federal contribution for such projects. Detailed guidance on mitigation reconstruction projects is located in Section 4.2, Mitigation Reconstruction.

### **1.9.1. NON-FEDERAL COST SHARE**

The non-Federal cost share is at least 25 percent of eligible project costs, or 10% if the State meets the SRL requirement of the State Mitigation Plan. The non-Federal cost share must be in direct support of the approved activities and must be an allowable cost for SRL funding. The amount of all contributions, cash, in-kind, or any combination thereof, may be accepted as part of the non-Federal cost share. For mitigation reconstruction projects, the Federal share is capped; therefore, the non-Federal cost share may be greater than 25 percent of the total project costs necessary to fund the mitigation reconstruction project.

In lieu of requesting pre-award costs, applicants and subapplicants may submit eligible costs incurred prior to award but after the SRL application period has opened as their non-Federal cost share (*See section 3.1.3, Pre-award Project Costs*). Indirect costs may be included as part of the total project cost. Indirect costs in excess of the 10 percent management costs limit may not be used as part of the cost share, *See section 2.1, [Eligible Management Cost Activities](#)*.

SRL funds generally **cannot** be used as cost share for another Federally funded activity. In addition, costs contributing to the non-Federal cost share for the SRL program **cannot** be used as cost share for other Federal grant programs. In general, the non-Federal cost share for SRL may not include funds from other Federal agencies, except for Federal funds that have authorizing statutes that explicitly allow the funds to be used as a cost share for other Federal grants. Such exceptions include:

- Department of Housing and Urban Development Community Development Block Grant (CDBG) monies may be used as cost share for property acquisition projects as long as the projects are eligible under the CDBG program.
- The U.S. Small Business Administration loan funds and the U.S. Department of Agriculture's Farm Service Agency loan funds, which lose their Federal identity once the loan is approved, may be used as a cost share.

- Tribal Health Services funds may be used as cost share for SRL funds, as long as the mitigation activity “contributes to the purposes for which grants...are made” under the Tribal Health Services statute.
- Bureau of Tribal Affairs funds may be used as cost share.
- Appalachian Regional Commission funds may be used as cost share, per 40 U.S.C. 14321(a)(3).
- Funds derived from Title III of the Secure Rural Schools and Community Self-Determination Act of 2000, 16 U.S.C. 500, may be used as cost share, so long as the use is also consistent with the purposes of that Act.
- The NFIP Increased Cost of Compliance (ICC) claim payment from previous flood events may be used to meet the non-Federal cost share requirements, as long as the period for making such a claim remains open.

### **1.9.2. COST SHARE DOCUMENTATION**

Requirements for in-kind contributions can be found in 44 CFR § 13.24. In-kind contributions must be comprised of eligible program costs. The following documentation is required for third-party cash and in-kind contributions:

- a) Record of donor;
- b) Dates of donation;
- c) Rates for staffing, equipment or usage, supplies, *etc.*;
- d) Amounts of donation; and
- e) Deposit slips for cash contributions.

According to 44 CFR § 13.24, this documentation is to be held at the Applicant and subapplicant level.

## **1.10 PROCEDURES FOR REVIEW, SELECTION, AND AWARD OF SRL SUBAPPLICATIONS**

### **1.10.1. APPLICANT REVIEW**

Applicants should review project subapplications for Eligibility and Completeness, Cost Effectiveness, Engineering Feasibility and Effectiveness, and Environmental/Historic Preservation Compliance. Project subapplications that do not satisfy program requirements may be removed from consideration.

### **1.10.2. REGIONAL OFFICE ELIGIBILITY, COMPLETENESS, AND TECHNICAL REVIEW**

FEMA Regional Offices will review all project subapplications to ensure eligibility and completeness. In addition, the FEMA Regional Office will **verify cost-**

**effectiveness and technical feasibility and effectiveness of the proposed project.** Project subapplications that do not satisfy these requirements will be removed from consideration, *See section 3.14.1., [Eligibility and Completeness Review](#).*

### **1.10.3. SRL TARGET ALLOCATION APPLICATION SELECTION**

Subapplications from Applicants receiving an SRL target allocation will be selected for further review up to their target allocation based on the greatest savings to the NFIF, as demonstrated by the FEMA-validated BCR. FEMA Regional Offices shall give priority to eligible project subapplications up to the Applicant's target allocation from highest BCR to lowest BCR. Eligible project subapplications not selected for further review may be forwarded for consideration under the 10 percent set-aside.

The Regional Offices will notify Applicants if subapplications have been selected for further review, determined eligible but unfunded, or determined ineligible.

Applicants may resubmit unfunded project subapplications for consideration in the next fiscal year.

### **1.10.4. SRL 10 PERCENT SET-ASIDE APPLICATION SELECTION**

Subapplications from Applicants without an SRL target allocation, and those forwarded from the Target Allocation Application Selection Process (Applicants with excess subapplications), will be selected for further review on a national basis based on the greatest savings to the NFIF, as demonstrated by the FEMA-validated BCR. Project subapplications will be ranked nationally from highest BCR to lowest BCR and selected for further review in that order, until funds are exhausted.

The FEMA Regional Offices will notify Applicants if subapplications have been selected for further review, determined eligible but unfunded, or determined ineligible. Applicants may resubmit unfunded project subapplications for consideration in the next fiscal year.

### **1.10.5. FEMA PRE-AWARD ACTIVITIES**

FEMA will notify and work with Applicants who have subapplications selected for further review to implement required pre-award activities. These activities may include but are not limited to Environmental/Historic Preservation review, verification of Applicant and subapplicant commitments, verification of mitigation plan status, and an understanding of grant terms. In addition, FEMA will ensure that the Applicant has met all reporting requirements for FEMA-State grant awards currently in progress.

FEMA may, at its discretion, request information or documentation from Applicants to support certain project subapplications as part of pre-award activities. Applicants must respond to requests for information from the FEMA Regional Office within the timeframe specified by the region. Applicants with project subapplications selected for further review will be notified of the date by which all pre-award activities must be completed.

FEMA will complete the Environmental/Historic Preservation review for projects selected for further review as part of pre-award activities. **Funds will NOT be awarded and the Applicant/subapplicant may NOT initiate the project until FEMA has completed its review.** Additional compliance information for the Environmental/Historic Preservation review is available at: <http://www.fema.gov/plan/ehp/ehp-applicant-help.shtm> .

#### **1.10.6. AWARDS**

FEMA will provide an award package to Applicants for approved subapplications once pre-award activities are completed. The award package must be signed by the Applicant and returned to FEMA before funds can be awarded. **The Applicant must agree to abide by the grant award terms and conditions as set forth in this Guidance and in the SRL Agreement Articles** available at: <http://www.fema.gov/government/grant/srl/index.shtm> or from the FEMA Regional Office.

#### **1.10.7. NOTIFICATION OF UNSUCCESSFUL SUBAPPLICATIONS**

FEMA Regional Office will notify Applicants of subapplications that do not satisfy Eligibility and Completeness requirements, project subapplications that do not meet cost-effectiveness or feasibility requirements, and project subapplications that are not selected for award. These subapplications may be resubmitted for consideration under the SRL program in future fiscal years if funds are available.

### **1.11 PERFORMANCE PERIOD**

The performance period is the period of time during which the Grantee is expected to complete the grant activities and to incur and expend funds approved for the SRL grant. The grant performance period is specified in the draft SRL Agreement Articles available at: <http://www.fema.gov/government/grant/srl/index.shtm> or from the FEMA Regional Office.

The performance period for the grant shall begin on the date that the grant is awarded and end on the last day of the performance period of the subgrant with the longest performance period awarded to the Grantee. The performance period for subgrant awards shall not exceed 3 years from date of award. Project subapplications that propose a work schedule in excess of 3 years will not be accepted. The Grantee is responsible for monitoring the progress of each subgrant to ensure timely progress and closeout.

A Mitigation Offer made under the SRL program remains open and available to the property owner subject to the availability of funds. When a property owner declines an offer of mitigation, the Applicant may use its accounting system to retain the funds for the duration of the performance period.

### **1.12 EXTENSIONS OF GRANT PERFORMANCE PERIODS**

Requests for extensions to the performance period will be evaluated by FEMA and will not be approved automatically. In accordance with FEMA's Financial and Acquisition Management Division's Extension Policy, the Regional Office may extend the performance period up to 1 year.

Requests for performance period extension must be submitted in writing to the Regional Administrator and must be supported by adequate justification in order to be processed. First extension requests shall not extend the **original** performance period of the grant more than 1 year. An adequate justification is a written explanation of the reason or reasons for an extension and must demonstrate that work is in progress and will be completed within the extended period of performance. The justification must address the following areas to enable the review of extension request:

- a) **Submission Date:** The request must be submitted **at least 60 days prior** to the expiration date of the performance period.
- b) **Reason for Delay:** Identify the status of the activity, including the original approved performance period, and give a brief description for the delay.
- c) **Budget:** Identify the remaining funds, both FEMA-share and cost-share match, available for the extended period and outline how the funds will be used. Identify sources of additional funding, if remaining FEMA funds and cost share will not support the extension request.
- d) **Plan for Completion:** Identify the objectives necessary to complete the activity, completion date for each objective, and list the position/person responsible for oversight of completion of the activity.
- e) **Completion Date:** Identify the projected completion date (new performance period end date) for the activity.
- f) **No change of scope:** Provide a certification that the activity will be completed within the extended period without any modification to the original Scope of Work (SOW) approved by FEMA.

If a second performance period extension becomes necessary, then the Grantee must submit an additional formal written request to the Regional Administrator. Second extensions shall not extend the original performance period of the grant beyond 2 years. As with the first request, the second extension request must be made at least 60 days prior to the expiration of the performance period and must include a justification for the extension that addresses the items noted above. Per FEMA policy, the second extension request is sent from the FEMA Regional Office to FEMA headquarters for review and approval.

Should any subgrant performance period be extended, the grant performance period will be extended as well; however, the extension should be conditioned so that all completed subgrants are closed out within their individual performance periods. The total performance period (including all extensions) for project subgrants shall not exceed 5 years.

### **1.13 REPORTING REQUIREMENTS**

The following reports are required from Grantees:

### **1.13.1. FEDERAL CASH TRANSACTION REPORTS**

If the Grantee uses the Department of Health and Human Services (DHHS), Division of Payment Management, Payment Management System-SMARTLINK, the Grantee shall submit to FEMA a copy of the Standard Form 272, Federal Cash Transaction Report, submitted to DHHS.

### **1.13.2. FINANCIAL STATUS REPORTS**

The Grantee shall submit Financial Status Reports, FEMA Form 20-10, to the FEMA Regional Office within 30 days of the end of the first Federal quarter following the initial grant award. The Regional Administrator may waive the initial report. The Grantee shall submit quarterly financial status reports thereafter until the grant ends. Reports are due on January 30, April 30, July 30, and October 30. *See 44 CFR § 13.40, Monitoring and Reporting Program Performance, for additional information.* The Regional Administrator may suspend drawdowns from the DHHS/Payment Management System-SMARTLINK if quarterly financial reports are not submitted on time.

### **1.13.3. PERFORMANCE REPORTS**

The Grantee shall submit performance reports for each grant award to the FEMA Regional Office within 30 days of the end of the first Federal quarter following the initial grant award. The Regional Administrator may waive the initial report. The Grantee shall submit quarterly performance reports thereafter until the grant ends. Reports are due on January 30, April 30, July 30, and October 30. Performance reports must include the activity name or other identification as well as information to:

- i) Describe significant activities and developments that have occurred and show progress during the quarter, including a comparison of actual accomplishments to the work schedule objectives established in the subapplication.
- ii) Indicate the status of Mitigation Offers made to property owners including which offers have been extended or are pending, and whether property owners have accepted or declined such offers. Grantees shall forward information on property owners who decline Mitigation Offers to the Assistant Administrator for the Mitigation Directorate to begin implementation of insurance premium rate increases.
- iii) Indicate whether completion of work is anticipated within the performance period. If not, describe any problems, delays, or adverse conditions that will impair the ability to meet the stated objectives in the subapplication.
- iv) Indicate whether cost underruns, cost overruns, change of scope requests, or requests for extension of performance period are anticipated.

#### **1.13.4. FINAL REPORTS**

The Grantee shall submit a Final Financial Status Report and Performance Report within 90 days of the grant performance period expiration date, per 44 CFR § 13.50.

#### **1.14 CLOSEOUT**

The Grantee has up to 90 days following the expiration of the grant performance period to liquidate valid expenditures incurred during the performance period. Cost underruns remaining after the performance period expiration date must be reported to FEMA for de-obligation.

#### **1.15 REGIONAL CONTACT INFORMATION**

Contact information for FEMA Regional Offices is provided at:

<http://www.fema.gov/about/contact/regions.shtm> and is listed here for your information.

**FEMA Region I** - Serving Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont: 99 High Street, 6th Floor, Boston, MA 02110-2356. (617) 956-7568.

**FEMA Region II** - Serving New York, New Jersey, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands: 26 Federal Plaza, Suite 1337, New York, NY 10278-0002. (212) 680-3600.

**FEMA Region III** - Serving the District of Columbia, Delaware, Maryland, Pennsylvania, Virginia, and West Virginia: 615 Chestnut Street, One Independence Mall, Sixth Floor, Philadelphia, PA 19106-4404. (215) 931-5608.

**FEMA Region IV** - Serving Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee: 3003 Chamblee Tucker Road, Atlanta, GA 30341-4112. (770) 220-5200.

**FEMA Region V** - Serving Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin: 536 South Clark Street, 6th Floor, Chicago, IL 60605-1523. (312) 408-5500.

**FEMA Region VI** - Serving Arkansas, Louisiana, New Mexico, Oklahoma, and Texas: 800 North Loop 288, Denton, TX 76209-3698. (940) 898-5399.

**FEMA Region VII** - Serving Iowa, Kansas, Missouri, and Nebraska: 9221 Ward Parkway, Suite 300, Kansas City, MO 64114-3372. (816) 283-7002.

**FEMA Region VIII** - Serving Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming: Denver Federal Center, Building 710, Box 25267, Denver, CO 80255-0267. (303) 235-4800.

**FEMA Region IX** - Serving Arizona, California, Hawaii, Nevada, the Territory of American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands: 1111 Broadway Street, Suite 1200, Oakland CA 94607-4052. (510) 627-7100.

**FEMA Region X** - Serving Alaska, Idaho, Oregon, and Washington: Federal Regional Center, 130 228th Street, SW, Bothell, WA 98021-9796. (425) 487-4600.

## **1.16 REFERENCED STATUTES, REGULATIONS, AND GUIDANCE**

- 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 44 CFR Part 201, Mitigation Planning
- Appalachian Regional Commission Funds, 40 U.S.C. 14321(a)(3)
- Section 102 of [Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 \(Public Law 108-264\)](#)
- Civil Rights Act of 1964, 42 U.S.C. 2000A
- Federal Financial Assistance Management Improvement Act of 1999, 31 U.S.C. 6101
- Guidance for Geocoding Mitigation Data (<http://www.fema.gov/library/viewRecord.do?id=1849>)
- Intergovernmental Review of Federal Programs, E.O. 12372, July 14, 1982; Intergovernmental Review of Federal Programs, E.O. 12416, April 8, 1983; and Federalism, E.O. 13132, August 4, 1999.
- Mitigation eGrants System (<http://www.fema.gov/government/grant/egrants.shtm>)
- [National Flood Insurance Act of 1968](#), as amended, 42 U.S.C. 4001 *et seq.*
- [National Flood Insurance Reform Act of 1994 \(Public Law 103-325\)](#)
- Privacy Act of 1974, 5 U.S.C. 552A
- Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.*
- Secure Rural Schools and Community Self-Determination Act of 2000, 16 U.S.C. 500

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## SECTION 2      APPLICANT MANAGEMENT COSTS

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Applicants may apply for a maximum of 10 percent of the total funds requested in their SRL grant application budget (Federal and non-federal shares) for management costs to support the project subapplications included as part of their SRL grant application.

**Applicants requesting management costs must submit a separate management cost subgrant application in eGrants and include the management cost subgrant application with their SRL grant application or the request for funds will not be considered.**

### 2.1      ELIGIBLE MANAGEMENT COST ACTIVITIES

Eligible management costs may include:

- Solicitation, review, and processing of SRL project subapplications and subgrant awards
- Obtaining Pre-Award Consultation Agreements from SRL property owners if performed by the Applicant
- Technical assistance to subapplicants regarding BCA, technical feasibility, and Environmental/Historic Preservation documentation
- Geocoding mitigation projects selected for further review
- Delivery of technical assistance intended to support project activities
- Managing grants (*e.g.*, quarterly reporting and close-out)
- Technical monitoring (*e.g.*, site visits, technical meetings, hearings)
- Staff salary costs directly related to performing the activities listed above

Management cost activities must be consistent with Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments.

Indirect costs, if requested, must be included as part of the cost estimate for the Applicant management costs subapplication, not to exceed 10 percent of the total cost of the grant application. Indirect costs are included as part of the total project cost; however, indirect costs in excess of the 10 percent management costs limit may not be used as part of the non-Federal cost share. Indirect costs must be supported with a current Indirect Cost Rate approved by a Federal Cognizant Agency.

### 2.2      LIMITATIONS ON MANAGEMENT COSTS

Applicant management costs may be approved for 10 percent of the total amount awarded for the Applicant's project subgrants or the amount of management costs

requested by the Applicant, whichever is less. If the Applicant is also the subapplicant, the Applicant shall not request subapplicant management costs in their own project subapplication, *See section 3.1.2., [Subgrantee Management Costs](#)*. Applicants who are not awarded SRL funds will not receive reimbursement for management costs.

There may be limited exceptions made to permit an increase in Applicant management costs. If cost overruns are anticipated for obligated project activities, the Grantee shall inform the Regional Administrator who will verify the circumstances, including costs incurred and activities completed, and either approve or disapprove requests for funding.

### **2.2.1. PRE-AWARD MANAGEMENT COSTS**

Eligible management costs incurred prior to the grant award, but after the SRL application period has opened, are identified as pre-award management costs. FEMA may fund eligible pre-award management costs at its discretion at the time of the grant award and as funds are available. **Eligible pre-award management costs must be included as separate line items in the Cost Estimate for the management cost subapplication.** Costs incurred pre-award for activities associated with project implementation, project initiation, or projects completed prior to award are neither management costs, nor eligible pre-award costs, and will not be reimbursed.

In lieu of requesting reimbursement of pre-award management costs, Applicants may submit eligible management costs incurred prior to award but after the SRL application period has opened as their non-Federal cost share, *See section 1.9.1., [Non-Federal Cost Share](#)*.

## **2.3 COST SHARE**

FEMA may contribute up to 75 percent Federal funding for management costs requested to support project subapplications included in an SRL grant application. Any State or federally recognized Indian Tribal government that has a FEMA-approved State Mitigation Plan that includes a repetitive loss strategy (*See section 1.5.1., [Mitigation Plan Requirement](#)*) is eligible to receive an increased Federal cost share of up to 90 percent Federal funding for management costs.

## **2.4 APPLICANT MANAGEMENT COST SUBAPPLICATION CHECKLIST**

Applicants must provide the following in their management cost subapplication in order to be eligible for consideration:

- a) **Applicant Information:** Provide name, Grant type, and State of the Applicant, State and Federal tax numbers, and Federal Employer Identification Number.
- b) **Contact Information:** Provide the name, agency, and address for the point of contact for the Management Cost subapplication.
- c) **Community Information:** Indicate the entity that will benefit from the subapplication (use “Statewide.”)

- d) **Mitigation Plan Information:** Indicate whether the Applicant has a FEMA-approved State Mitigation Plan (Standard or Enhanced) or Tribal Mitigation Plan.
- e) **Mitigation Activity Information:** Indicate the type, intent, and title of the proposed activity.
- f) **Hazard Information:** Describe the area to be covered and identify the source of the hazards to be addressed by the activity.
- g) **Scope of Work:** Describe the goals and objectives of the activity and how they will be implemented, including timeline/schedule/milestones.
- h) **Cost Estimate:** Provide all anticipated and potential costs for each activity, including Federal and non-Federal shares, including an Approved Indirect Cost Agreement, if applicable. Indicate all pre-award costs as separate line items.
- i) **Match Sources:** Provide the non-Federal cost share for the proposed activity, including documentation to support the non-Federal cost share, *See section 1.9.2., [Cost Share Documentation](#)*.
- j) **Cost-Effectiveness Information:** Applicant management costs are exempt from a BCA.
- k) **Assurances and Certifications:** Complete the Summary Sheet for Assurances and Certification, FEMA Form 20-16; Assurances-Non-Construction Programs, FEMA Form 20-16A; Assurances-Construction Programs, FEMA Form 20-16B; Certification Regarding Lobbying, Debarment, Suspension, and Other Responsible Matters; Drug-Free Workplace Requirements, FEMA Form 20-16C; and Disclosure of Lobbying Activities, Standard Form LLL, if applicable.

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## SECTION 3 MITIGATION PROJECT SUBAPPLICATION GUIDANCE

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The SRL program differs from FEMA's other mitigation grant programs in that those property owners who decline offers of mitigation assistance will be subject to increases to their insurance premium rates. SRL subapplications must provide sufficient information for FEMA to determine the eligibility of each proposed activity for SRL program funds, and to give priority to the mitigation of properties based on the project BCR that will result in the greatest savings to the NFIF in the shortest period of time, by reducing or eliminating future claims payments. Any proposed activity submitted without enough information for FEMA to determine eligibility and priority will not be considered for funding.

### 3.1 ELIGIBLE MITIGATION PROJECT ACTIVITIES AND ASSOCIATED COSTS

To be eligible for funding, properties must be currently insured by the NFIP at the time of application and the insured property must be covered through the completion of the project. For acquisition projects, insurance must be maintained by the property owner until the transfer of ownership. For projects that mitigate existing structures remaining in the Special Flood Hazard Area (SFHA), insurance must be maintained for the life of the property. The SFHA is defined as the land in the floodplain within a community subject to a 1 percent or greater chance of flooding in any given year (*See section 3.4, Special Flood Hazard Area Requirements.*)

Only the following mitigation activities are eligible for the SRL program:

1. **Acquisitions/Relocations**: The acquisition of the structure and underlying real property for the purpose of creating open space, demolition or relocation of the structure, and conversion of the property to deed restricted open space uses in perpetuity. Applicants and subapplicants must comply with 44 CFR Part 80 and this Guidance. The relocation of existing residential structures must be to areas outside of the SFHA or local regulatory floodplain, outside of any regulatory erosion zones, and in conformance with any other applicable State or local land-use regulations (*See section 4.1, Property [Acquisition](#)*).
2. **Elevations**: The elevation of existing structures to at least the BFE or an ABFE or higher if required by any State or local ordinance, and in accordance with criteria established in this Guidance. The techniques used for elevating structures in accordance with FEMA requirements can be found at:  
<http://www.fema.gov/government/grant/mitmeasures/elevate.shtm>.

Mitigation reconstruction, which is the demolition and rebuilding of structures, is permitted when traditional elevation cannot be implemented. Mitigation reconstruction must be completed to at least the BFE or an ABFE or higher if required by any State or local ordinance, and in accordance with criteria established in this Guidance. Eligible costs for mitigation reconstruction are limited to \$150,000

Federal share per property (excluding administrative allowances and permitting fees); thus, in some cases there may be a higher percentage of non-Federal share required to cover the total project costs. Mitigation reconstruction will not be eligible if the structure is located in a regulatory floodway or V Zone as identified on the effective Flood Insurance Rate Map (FIRM), or within the mapped limit of the 1.5-foot breaking wave zone.

3. **Minor Localized Flood Reduction Projects:** These projects may include the installation or modification of culverts and floodgates; the creation of small retention and detention basins; and upgrades of culverts to bridges. The purpose of this project type is to lessen the frequency or severity of flooding and decrease predicted flood damages. Minor localized flood reduction projects must not duplicate the flood prevention activities of other Federal agencies.

At least 50 percent of the structures directly benefiting from this mitigation activity must be SRL properties. Documentation must be provided in the subapplication that identifies all properties that will benefit from this activity and specifically identifies the SRL properties.

4. **Floodproofing:** Dry floodproofing of a historic residential structure is permissible only when other techniques that would mitigate to the BFE would cause the structure to lose its status as listed or eligible for inclusion on the National Register of Historic Places. Structures to be dry floodproofed must meet the definition of Historic Structure in 44 CFR § 59.1.

Floodproofing must be performed in accordance with NFIP Technical Bulletin 3-93, *Non-Residential Floodproofing -- Requirements and Certification*, and the requirements pertaining to floodproofing of non-residential structures found in 44 CFR §§ 60.3(b)(5) and (c)(4).

### **3.1.1. CRITERIA FOR SUBAPPLICANT CONSIDERATION OF PROJECT TYPE**

The subapplicant will consider the following information in examining potential project activity types. The subapplicant should determine the activity types that it does not typically implement for legal, cost effectiveness, contractual, land-use, or other policy reasons prior to consulting with the property owner. For example:

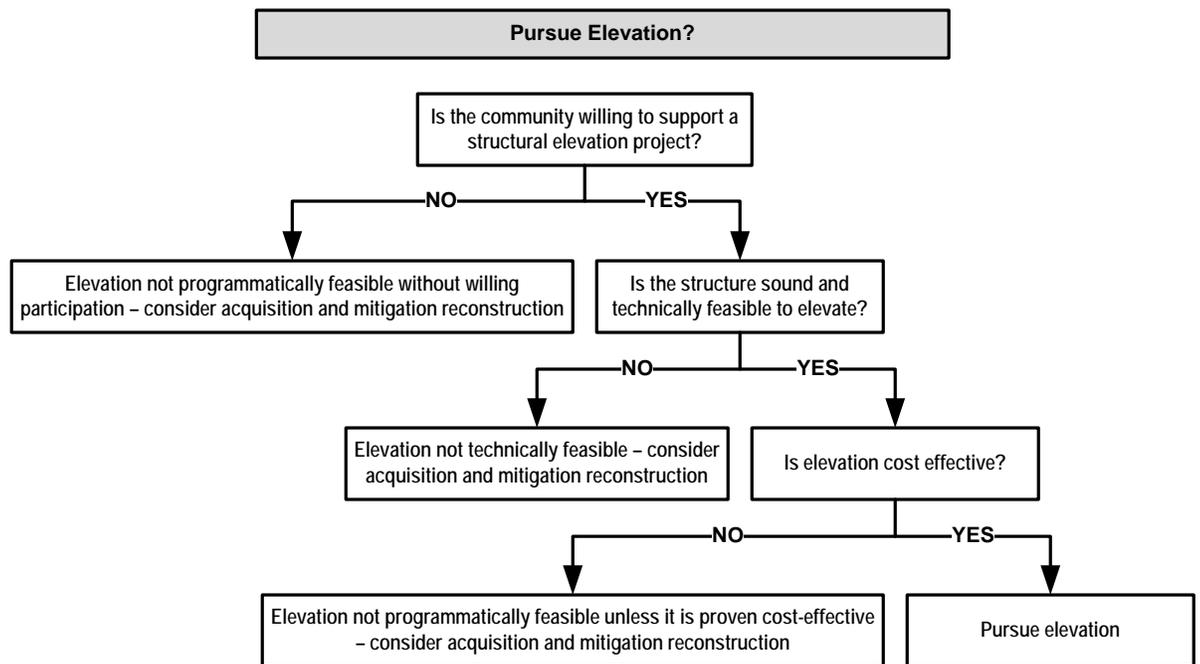
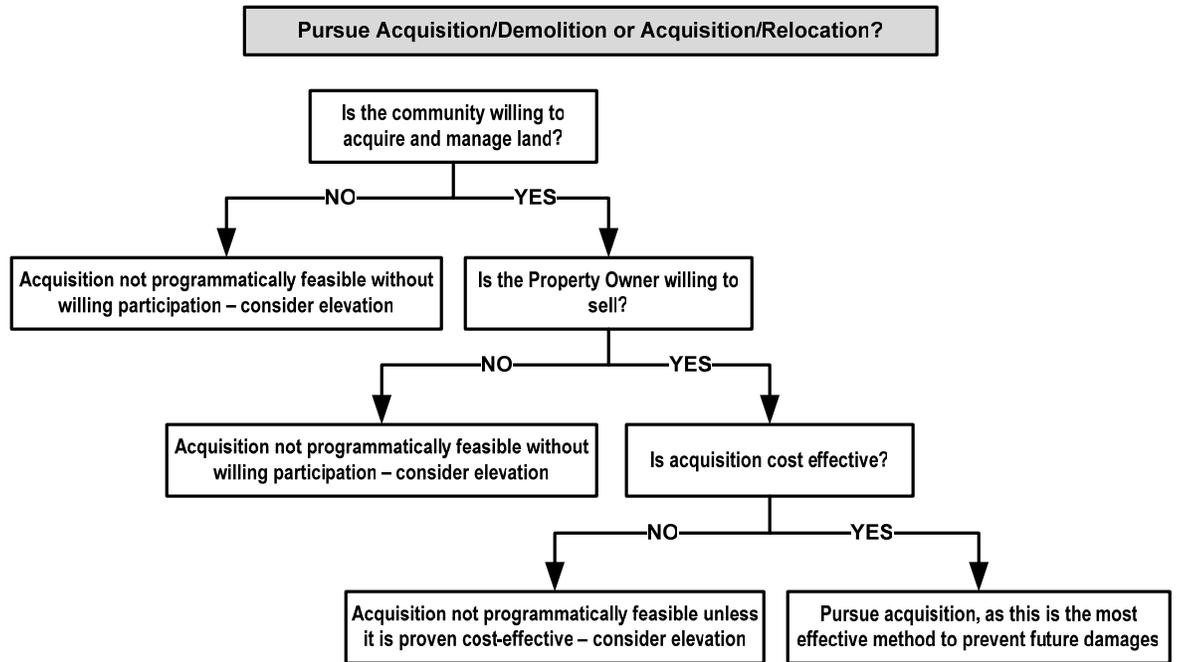
- Subapplicants should provide similar treatment to all property owners regarding the use of pre-event or current market value for acquisition projects.
- In order to maintain their tax base, some subapplicants will not elect to pursue an acquisition project.
- Some subapplicants will not select a specific mitigation activity because that mitigation approach is not preferred, and thus is not integrated into their FEMA-approved mitigation plans.

- Some subapplicants may not wish to implement elevation or acquisition projects requiring pass through of Federal funds to the SRL property owner.
- Some subapplicants may experience a shortage of qualified contractors and/or structural engineers to implement relocation, elevation, mitigation reconstruction, acquisition projects, or floodproofing (for historic properties only).
- Some subapplicants may select minor, physical localized flood reduction projects because property owners will not experience the risk of increased insurance premium rates.

The subapplicant shall describe the process used to evaluate elevation mitigation measures. When mitigation reconstruction is selected, the following list of general criteria must be addressed in writing as appropriate to demonstrate why traditional elevation cannot be implemented:

- Health considerations, such as asbestos, mold, *etc.*, requiring demolition;
- Structure and foundation type cannot be elevated due to high likelihood of collapse and or disintegration of structure during the process (this statement must be certified by a registered engineer or architect);
- Local government is unable to support structural elevation for reasons such as the elevated structure would be non-compliant with minimum standards of the 2003 International Codes or other codes and ordinances as certified by local building official; and/or
- Project costs are prohibitive and do not achieve a BCR of 1.0 or greater.

Information regarding appropriate mitigation project types is available in FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*. In addition, the following diagrams illustrate a recommended sequence for considering the feasibility of project activity types. Mitigation reconstruction is permitted when traditional elevation cannot be implemented.



### 3.1.2. SUBGRANTEE MANAGEMENT COSTS

Subapplicants may include a maximum of 5 percent of the total funds requested in their project subapplication for management costs to support the project.

Subapplicant management cost activities must be consistent with OMB Circular

A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.

Subapplicants requesting management costs should provide supporting documentation and include these costs as separate line items in the Cost Estimate for the project subapplication in order to be considered. **Management costs must be included in the project's BCA.** Applicants may not request subapplicant management costs in their own project subapplications.

Indirect costs, if requested, must be included as part of the subapplicant management costs, not to exceed 5 percent of the total cost of the project subapplication. Indirect costs should be supported with a current Indirect Cost Rate that is approved by a Federal Cognizant Agency.

There may be limited exceptions made to permit an increase in subgrantee management costs. If cost overruns are anticipated for obligated project activities, the Grantee shall inform the Regional Administrator who will verify the circumstances, including costs incurred and activities completed, and either approve or disapprove requests for funding.

### **3.1.3. PRE-AWARD PROJECT COSTS**

Eligible costs incurred prior to the date of the grant award, but after the SRL application period has opened, are identified as pre-award costs. FEMA may fund eligible pre-award project costs at its discretion and as funds are available. Grantees and subgrantees may be reimbursed for eligible pre-award costs incurred after the publication of the SRL Guidance for activities directly related to the development of the project proposal. Activities may include, but are not limited to, development of the BCA and Environment and Historic Preservation data and documentation and engineering design. Pre-award project costs should be identified as separate line items in the Cost Estimate for the project subapplication. Pre-award project costs associated with project implementation, project initiation, or projects completed prior to award will not be eligible. Therefore, implementation activities initiated or completed prior to award will not be reimbursed.

In lieu of requesting pre-award project costs, Applicants and subapplicants may submit eligible costs incurred prior to award but after the SRL application period has opened as their non-Federal cost share (*See section 1.9.1., [Non-Federal Cost Share](#)*).

## **3.2 INELIGIBLE PROJECT ACTIVITIES AND COSTS**

Certain project activities and their associated costs are not eligible. Ineligible project activities and costs include but are not limited to the following:

- Mitigation plan development, update, or amendment
- Major flood control projects related to the construction, demolition, or repair of dams, dikes, levees, floodwalls, seawalls, groins, jetties, breakwaters, and

waterway channelization, and erosion projects related to beach nourishment or renourishment

- Mitigation reconstruction located in a regulatory floodway or V Zone as identified on the effective FIRM, or within the mapped limit of the 1.5-foot breaking wave zone
- Floodproofing of any residential structure that does not qualify as a historic residential property listed or eligible for inclusion on the National Register of Historic Places
- Phased or partial project that is dependent on another phase or part to be effective and/or feasible
- Studies not directly related to the design and implementation of the proposed mitigation project
- Flood studies or flood mapping other than project designs and eligibility analyses
- Projects that solely address operation, maintenance or repairs of existing structures, facilities, or infrastructure
- Generators, and related equipment
- Warning and alert notification systems (*e.g.*, National Oceanic and Atmospheric Administration [NOAA] weather radios)
- Response and communication equipment
- Properties that are subject to pending litigation
- Legal procedures related to litigation for an approved application or subapplication
- Landscaping for ornamentation (trees, shrubs, *etc.*)
- Site remediation of hazardous contaminants
- Water quality infrastructure projects
- Activities for which implementation has already been initiated or completed

Project subapplications that propose ineligible activities will be removed from consideration. FEMA will not separate eligible activities from ineligible project subapplications for funding consideration (*See section 1.5.1., Mitigation Plan Requirement*).

### **3.3 MITIGATION PROJECT REQUIREMENTS**

#### **3.3.1. MITIGATION PLAN REQUIREMENT**

All Applicants must have a FEMA-approved State Mitigation Plan (Standard or Enhanced) or Tribal Mitigation Plan by the application deadline to be eligible to receive project grant funding under the SRL program in accordance with 44 CFR Part 201 (*See section 1.5.1., Mitigation Plan Requirement*). In addition, all subapplicants must have a FEMA-approved hazard mitigation plan by the application deadline to be eligible to receive project grant funding under the SRL program.

A local government with a hazard mitigation plan that expires prior to the award of a grant or subgrant must provide a FEMA-approved hazard mitigation plan in accordance with 44 CFR Part 201 in order to receive grant funding.

Projects submitted for consideration must be consistent with the goals and objectives identified in the current FEMA-approved State Mitigation Plan or Tribal Mitigation Plan and local hazard mitigation plan for the jurisdiction in which the activity is located.

#### **3.3.2. FEASIBILITY AND EFFECTIVENESS REQUIREMENT**

Mitigation projects funded by the SRL program must be both feasible and effective at mitigating the hazard(s) for which the project was designed. To determine both feasibility and effectiveness, FEMA will use the information provided in the project subapplication, including the SOW and Cost Estimate sections, as well as any supporting documentation to review the engineering feasibility of the proposed project. If applicable, proposed schematic or detailed engineering drawings, or engineering designs for projects that demonstrate the design parameters and how the project will achieve the stated objectives must be included to allow FEMA to assess the effectiveness and feasibility of the proposed project.

Project subapplications must address the level of protection provided by the proposed project as well as any residual risk to the structure after project implementation. Upon request, FEMA will provide technical assistance regarding engineering documentation and cost estimation (*See section 6.3, [Engineering Feasibility Technical Assistance](#)*). Project subapplications that do not include appropriate documentation to support the determination of feasibility and effectiveness may be removed from consideration.

#### **3.3.3. ELIGIBILITY CRITERIA**

Mitigation projects also must meet the following criteria in accordance with 44 CFR § 79.6 and this Guidance:

- a) Be cost-effective and able to substantially reduce the risk of future damage, hardship, loss, or suffering resulting from a major disaster, consistent with 44 CFR § 79.6 (d)(5) and related guidance, and have a BCA using a FEMA-approved methodology that results in a BCR of 1.0 or greater. Only

mitigation projects with a BCR of 1.0 or greater will be considered for the SRL program.

- b) Solve a problem independently, consistent with 44 CFR § 79.6 (d)(4).
- c) Conform to 44 CFR Part 9, Floodplain management and protection of wetlands, and 44 CFR Part 10, Environmental considerations, consistent with 44 CFR § 79.6 (d)(2).
- d) Not duplicate benefits available from another source for the same purpose or assistance that another Federal agency or program has the primary authority to provide (*See section 1.6.1., [Duplication of Programs](#)*).
- e) Not be located in a coastal barrier area as defined by the Coastal Barrier Resource Act (CBRA). Restrictions in this Act prevent the use of SRL funds in any designated CBRA area.
- f) Be located in a community that is participating in the NFIP and is not suspended or has withdrawn, if the community has been identified as having a SFHA (*i.e.*, a Flood Hazard Boundary Map or FIRM has been issued to the entity).
- g) Meet the requirements of applicable Federal, State, Tribal, territorial, and local laws, implementing regulations, and executive orders.

### **3.4 SPECIAL FLOOD HAZARD AREA REQUIREMENTS**

The following requirements apply to any project to alter existing structures, to include mitigation reconstruction projects that are sited within an SFHA:

- a) When the project is implemented, all structures that will not be demolished or relocated out of the SFHA must be covered by an NFIP flood insurance policy to an amount at least equal to the project cost or to the maximum limit of coverage made available with respect to the particular property, whichever is less.
- b) The subapplicant (or property owner) will legally record with the county or appropriate jurisdiction's land records a notice that includes the name of the current property owner (including book/page reference to record of current title, if readily available), a legal description of the property, and the following notice of flood insurance requirements:

*“This property has received Federal hazard mitigation assistance. Federal law requires that flood insurance coverage on this property must be maintained during the life of the property regardless of transfer of ownership of such property. Pursuant to 42 U.S.C. §5154a, failure to maintain flood insurance on this property may prohibit the owner from receiving Federal disaster assistance with respect to this property in the event of a flood disaster. The Property Owner*

*is also required to maintain this property in accordance with the floodplain management criteria of 44 CFR 60.3 and City/County Ordinance.”*

The status of flood insurance for properties included in project subapplications sited in an SFHA are subject to FEMA review prior to award. Applicants receiving assistance for projects sited in an SFHA will ensure that the flood insurance requirements are met by requesting the participating property owner(s) sign an Acknowledgement of Conditions for Mitigation of Property in an SFHA with FEMA Grant Funds document and providing the form to FEMA prior to award. This form is available on the SRL Web site at: [http://www.fema.gov/government/grant/sfha\\_conditions.shtm](http://www.fema.gov/government/grant/sfha_conditions.shtm) or from FEMA Regional Offices. Properties that do not meet these requirements will not be eligible to receive assistance under the SRL program.

### **3.5 FLOOD ELEVATION DATA**

Flood elevation data applicable in a particular area is referenced as base flood elevation (BFE) or advisory base flood elevation (ABFE.) In the wake of a major flood event, FEMA may issue ABFEs that more closely reflect post-storm conditions than pre-existing BFEs. As outlined in the February 5, 2006 memo, *Issuance and Use of Advisory Base Flood Elevations (ABFE) in the Implementation of FEMA Assistance*, Applicants requesting FEMA program funds for elevation or mitigation reconstruction in areas where ABFEs have been issued will be required to use the ABFE.

ABFEs developed following Hurricanes Katrina and Rita are currently available for several areas eligible for SRL activities. Applicants should check the status of this information during project scoping. ABFE information is available on the FEMA Web site for:

- Coastal counties in Mississippi  
([http://www.fema.gov/hazard/flood/recoverydata/katrina/katrina\\_ms\\_index.shtm](http://www.fema.gov/hazard/flood/recoverydata/katrina/katrina_ms_index.shtm))
- Parishes in Louisiana  
([http://www.fema.gov/hazard/flood/recoverydata/katrina/katrina\\_la\\_index.shtm](http://www.fema.gov/hazard/flood/recoverydata/katrina/katrina_la_index.shtm))

During the grant application development process, Applicants are encouraged to contact the office of the State NFIP coordinator to assess the potential for FIRM updates in potential project areas.

### **3.6 GEOCODING REQUIREMENTS**

The location of all approved mitigation projects funded by the SRL program must be geocoded using standard datum. Geospatial coordinates, in the form of latitude and longitude with an accuracy of +/- 20 meters (64 feet), must be provided as follows:

- Property specific information on individual properties in the project ; and
- Project sites for mitigation activities such as minor, localized flood reduction.

The guidance for Geocoding Mitigation Data is available online from the FEMA Information Resources Library: <http://www.fema.gov/library/viewRecord.do?id=1849> and from FEMA Regional Offices. FEMA will work with Applicants to ensure this information is provided prior to award.

### **3.7 PROJECT MAINTENANCE**

FEMA is not responsible for project maintenance. FEMA will not pay for any future maintenance, such as dredging, debris removal, or mowing of open space. Subapplicants must provide a maintenance plan prior to award that identifies the maintenance tasks, budget, and entity that will perform long-term maintenance, and include a description of maintenance agreements to be in place for long-term upkeep of the proposed project. Maintenance costs must not be included in the Cost Estimate. However, anticipated future maintenance costs must be included in the BCA.

### **3.8 SCOPE OF WORK**

The Scope of Work (SOW) describes the purpose, objectives, methodology, feasibility, outcomes, timeline, milestones, resources, deliverables, and benefits of the proposed project(s). The SOW must establish the who, what, where, when, why, and how of the project and timeline. The SOW should include applicable references and supporting documentation that provides:

- a) The purpose of the project
- b) A clear, concise description of the proposed project and the means to implement and construct it (*i.e.*, How will the project be implemented and by whom?)
- c) Outcomes (*i.e.*, What are the expected accomplishments, and how will SRL properties be mitigated?)
- d) Flooding hazards to be addressed
- e) Assurance that all post-FIRM SRL structures that will be mitigated were built in compliance with State or local laws or ordinances in effect at the time of construction
- f) Location within the community and/or geographical extent of the project (*e.g.*, natural, built, and socioeconomic environments)
- g) Evidence of project feasibility and effectiveness. Relocation projects must include engineering design parameters and copies of or references to:
  - Proposed schematic or detailed engineering drawings, or engineering design
  - Applicable building code/edition or engineering standard used
  - Level of protection provided by the proposed project (*i.e.*, building code/edition)

- Any residual risk to the structure from all hazards after project implementation (*i.e.*, adequacy of the structural systems, roof coverings, building envelope, or load path continuity)
  - A detailed and well documented description of the alternatives considered prior to deciding upon the project
- h) Description of the maintenance agreements required after project completion for long-term upkeep of the proposed project
- i) Work schedule for all project tasks (*e.g.*, survey, appraisal, permitting, inspection requirements, site preparation) and significant milestones throughout the performance period

Documentation provided will be used by FEMA to evaluate the SOW and to determine eligibility of the proposed subapplication. Examples of documentation, where applicable to the project, include: proposed schematic or detailed engineering drawings, photographs, maps, sketches and/or drawings (*e.g.*, appropriate sections of FISs and FIRMs) to document elements of the project and project parameters, data sources, references, citations, and/or notations.

### **3.9 SCOPE OF WORK CHANGES**

FEMA will not consider changes to the SOW between the close of the application period and the completion of the selection process. Changes may be considered during the pre-award and post-award process, and only limited changes will be approved for cost overruns. Requests for changes to the SOW after award are permissible as long as they do not change the nature of the activity, change the total project cost of the activity, adversely affect eligibility, adversely affect the feasibility and effectiveness of the project, or bring the project BCR below 1.0. Requests must be supported by adequate justification from the Applicant in order to be processed. The justification must include a description of the proposed change, a written explanation of the reason or reasons for the change, an outline of remaining funds available to support the change, and a full description of the work necessary to complete the activity. All approvals will be at FEMA's discretion and there is no guarantee that SOW changes will be approved.

### **3.10 COST ESTIMATE**

The Cost Estimate describes all estimated costs associated with the proposed project activity and represents the subapplicant's best estimate of the total value of the proposed activity. Sufficient detail must be provided regarding various cost item categories such as labor, materials, equipment, subcontract costs, *etc.*, and include anticipated cash and in-kind non-Federal match. In particular, the labor cost line item must estimate anticipated donated in-kind labor from various agencies and/or other participating jurisdictions that will count toward the non-Federal match. Documentation of all cost estimates provided, including the dates of estimates, as well as the anticipated date of construction, must be provided, if applicable.

### 3.10.1. COST ESTIMATE REQUIREMENTS:

The Cost Estimate must include the following, as applicable:

- All anticipated project costs, such as:
  - Anticipated environmental resource remediation or historic property treatment measures
  - Engineering designs/specifications to include Hydrologic and Hydraulic studies/analyses required as an integral part of the project design
  - Other related construction/demolition/relocation costs, such as survey, permitting, site preparation, and material disposal
  - Other related acquisition costs, such as appraisals, legal recordation, and displacement costs for renters
- Costs associated with any information dissemination activities and/or subapplicant management costs: These must be identified as a separate line item to ensure cost thresholds for these activities are not exceeded.
- Pre-award costs: Indicate all costs that may be incurred prior to grant receipt but subsequent to the SRL application period opening (*e.g.*, conducting the BCA). These must be identified as separate line items.
- Potential cost under runs: Indicate any item in which a cost has been over-estimated, which could result in a cost under-run (*e.g.*, if a quotation received from a contractor will increase if the project is not awarded for up to 1 year after the date of the receipt of initial quotation, the cost must be over-estimated and noted as such).
- Anticipated Future Funding: Describe identified sources of future funding once the initial grant has been implemented and no further funding is available from the SRL program. For example, will the local government be charged with supporting the project in the future, or will the Applicant agency be responsible?
- Back-up documentation: Provide back-up documentation for all costs, including the basis for each (*e.g.*, salary and fringe benefit rates for personnel involved in the project, bids from qualified professionals, and nationally published or local cost estimating guides).
- Maintenance costs: Maintenance costs are not eligible and must not be included in the Cost Estimate but they must be included in the BCA.

### 3.10.2. COST-ESTIMATE DOCUMENTATION

Documentation provided will be used by FEMA to evaluate the Cost Estimate in order to determine eligibility. **Applicants/subapplicants shall submit detailed budgets, shall avoid lump sum items, and provide references for all sources of**

**the Cost Estimate (i.e., RS Means).** Identify sources of cost items (e.g., documented local cost, bids from qualified professionals, and published national or local cost estimating guides) and provide documentation supporting each source, as appropriate (e.g., salary and fringe benefit rates for personnel involved in the project, bids from qualified professionals, and published nationally or local cost estimating guides). If another project is used as the source of the Cost Estimate, detailed documentation showing the related project scope items must be provided.

The project must be identified with enough details so that material, labor, and other costs associated with the project can be identified. The cost estimating tools used must be identified and a detailed Cost Estimate must be provided. Examples of cost estimating tools may include: national cost estimating guides, an Applicant's own cost estimating guides, an estimate based on bids, or an estimate based on awarded contracts for similar work.

As an example, consider a project proposing to replace a roof on an existing museum building. The roof is a low-slope roof with internal drainage only, in an area subject to snow and rainfall that may clog the drains. The project will completely remove the existing roof, install tapered insulation and place scuppers at the exterior wall locations. The Applicant and subapplicant have identified the size of the roof, have included a roof plan and roof sections, and have calculated the materials and labor needed to complete the job. The Applicant and subapplicant awarded a similar roofing job 2 years ago that they have used to estimate the costs of this project. The Applicant and subapplicant included a copy of the costs for the other job, compared the SOW for the completed job and the proposed job, and updated the costs for the proposed project based on a national cost estimating guide and adjusted for inflation.

### **3.10.3. CHANGES TO COST ESTIMATES**

FEMA will not consider changes to the Cost Estimate between the close of the application period and the completion of the selection process. Changes may be made during the pre-award and post-award process.

Revisions to the approved Cost Estimate may be considered after the selection and award process so long as the approved deliverable is not adversely impacted. In accordance with 44 CFR Part 13, adjustments may be made among cost line items in the approved budget up to a cumulative threshold of 10 percent of the total budget without seeking formal approval from FEMA. Adjustments exceeding this threshold must be approved in advance by FEMA. As with SOW changes, requests for a Cost Estimate revision must be supported by adequate justification from the Applicant and subapplicant in order to be processed. In any case, the limitations on information dissemination and subapplicant management costs still apply, and the Federal share will not be increased.

## **3.11 COST-EFFECTIVENESS**

The SRL program only funds cost-effective mitigation activities, determined by a BCA, which is required for all SRL projects. A BCA is a well-established method for quantitatively comparing the benefits and costs of mitigation projects. The end result is a

BCR, which is derived from a project's total net present value of benefits (*i.e.*, the value of benefits today versus the value of future benefits after taking inflation and rate of return into account) divided by the total project cost to include all documented project and maintenance costs. Applicants are required to submit adequate documentation to support a complete review and analysis of the project.

The Applicant or subapplicant is required to perform a BCA for each property included in the project subapplication. For projects that address multiple structures (*e.g.*, acquisition or elevation), the BCR must be calculated by totaling the anticipated or net present value of benefits for each structure to obtain the project's total net present value of benefits and dividing the total project benefits by the total project Cost Estimate.

Applicants/subapplicants are encouraged to ensure that the BCA includes all benefits associated with the proposed mitigation project. Project subapplications with a BCR lower than 1.0 will be removed from consideration.

FEMA shall give priority to subapplications, up to the State's target allocation funds, based on the FEMA-validated BCR. Applicants and subapplicants should apply the guidelines in section 4.2.25., [Cost-Effectiveness](#), for conducting a BCA for mitigation reconstruction projects.

#### **3.11.1. BENEFIT-COST ANALYSIS**

FEMA BCA procedures are governed by the OMB Circular A-94, *Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs*. Accordingly, the benefits of mitigation projects are avoided damages, disruptions, losses, and casualties. Examples of common benefits include avoided or reduced:

- Damages to buildings, contents or infrastructure
- Economic impacts of loss of function of buildings
- Displacement costs for temporary quarters
- Loss of public services
- Loss of net business income
- Economic impacts of loss of function of infrastructure
- Road or bridge closures
- Loss of utility services
- Deaths and injuries

The OMB circular excludes indirect benefits or “multiplier” effects, for example long-term changes in regional economic activity, future employment, and tourism, which are not directly linked to the project. For further details on categories of

benefits that may or may not be counted see *What is a Benefit? Guidance on Benefit-Cost Analysis of Hazard Mitigation Projects* located on FEMA's Mitigation BCA Toolkit CD. This document provides standardized benefit categories, approaches, and data inputs for many common mitigation projects and can be obtained by contacting the FEMA Regional Office or the BCA helpline via phone: (866) 222-3580, via e-mail: [bchelp@fema.gov](mailto:bchelp@fema.gov).

The cost of performing the BCA and providing supporting documentation may be included by the subapplicant as part of the project Cost Estimate or by the Applicant as part of the Grantee management costs.

If the Applicant and/or subapplicant are submitting a project for which FEMA performed the BCA in the past, the Applicant and/or subapplicant must certify that they accept the BCA as their own before submitting the BCA as part of their project subapplication. Applicants/subapplicants submitting projects prepared for other FEMA mitigation programs are strongly encouraged to revisit the BCA(s) to ensure complete documentation for mitigation project benefits and costs.

### **3.11.2. METHODOLOGY**

**FEMA BCA Software:** Applicants and subapplicants must use a FEMA-approved methodology to conduct the BCA. Using FEMA-approved software will ensure that all calculations are prepared in accordance with OMB and FEMA's standardized methodologies and approaches and will facilitate FEMA's review process. The Flood Very Limited Data Module must not be used to demonstrate cost-effectiveness for SRL subapplications, only to screen projects for cost-effectiveness. **Projects that use the Very Limited Data Module will be removed from consideration.** The OMB-mandated discount rate for the SRL program is 7 percent. This discount rate is incorporated into all FEMA software programs as a default and must not be modified.

**Use of Non-FEMA BCA Software:** Non-FEMA BCA software may be used only when the proposed methodology either addresses a non-correctable flaw in FEMA's current BCA modules or proposes a new methodology that FEMA does not currently have available and cannot accommodate through the BCA modules. Alternative BCA methodologies will be considered only if the FEMA Regional Office and FEMA headquarters approve the software prior to the Applicant's submission of the grant application to FEMA. The Applicant must provide verification that FEMA has approved the alternative BCA software or methodologies. An e-mail or letter signed and dated by FEMA is considered appropriate verification. Applications that use BCAs conducted with non-FEMA software not approved in advance by FEMA will not be considered for the SRL program.

**FEMA Alternative BCA Approach:** FEMA has developed a simplified, alternative approach to conduct the BCA, which may be used in lieu of a traditional BCA for certain properties insured under the NFIP and included in the Pilot NFIP Repetitive Loss Properties List. The list of properties and the guidance for using this alternative approach was provided to the FEMA Regional Offices under separate cover.

Information on the alternative approach is available from the Regional Offices or the BCA helpline via telephone: (866) 222-3580 or via e-mail: [bchelpine@dhs.gov](mailto:bchelpine@dhs.gov).

### **3.11.3. BENEFIT-COST DOCUMENTATION**

FEMA will not consider a project subapplication without a legible and complete BCA. A project subapplication that does not include appropriate documentation to support the submitted BCA will be removed from consideration. The documentation must support figures, assumptions, data derivation, and calculation methods used in the BCA. Subapplications must include full and credible documentation, which:

- Clearly explains the data used in the analysis, including the source;
- Explains reasons and sources of information for the use of non-default values in the BCA;
- Is well organized; and
- Provides references to the appropriate parts of the analysis.

**Use of the FEMA Data Documentation Templates is strongly encouraged.**

Project subapplications should include surveys, copies of elevation certificates, copies of appropriate sections of FISs and FIRMs, copies of relevant supporting information from Engineering reports, and other documentation to support figures used in their BCAs. The credibility of data sources is also extremely important. FEMA recommends obtaining information from published technical sources, in particular engineering studies, such as FIS reports and technical Web sites operated by the U.S. Geological Survey, NOAA, State agencies, and academic organizations. Documentation of any and all data sources should be included with the project subapplication.

Professional licensure is strongly preferred in all cases. In addition, data from FEMA software and default values from FEMA BCA guidance located on the Mitigation BCA Toolkit CD, section 6.3, [Benefit-Cost Analysis Technical Assistance](#), will be accepted as completely credible, when software is used correctly and documentation is provided.

## **3.12 ENVIRONMENTAL/HISTORIC PRESERVATION REVIEW**

### **3.12.1. OVERVIEW**

**Pre-Award Requirement:** Applicants and subapplicants are required to provide information to support FEMA's Environmental/Historic Preservation compliance process. **Funds will NOT be awarded and the Applicant/subapplicant may NOT initiate the project until FEMA has completed its review.**

**Authorities:** As part of this review process, FEMA will assess compliance with applicable requirements including the National Environmental Policy Act, the

National Historic Preservation Act (NHPA), the Endangered Species Act, and the Executive Orders on Wetlands, Floodplains, and Environmental Justice. The purpose of the Environmental/Historic Preservation compliance review is threefold:

- a) It helps a subapplicant understand the compliance requirements for the proposed project and how in meeting some of those requirements, the overall design and cost of the project may be affected.
- b) It helps FEMA determine how well the Applicant/subapplicant understands these issues and has addressed them in the project design. In the case of historically significant structures, the owner has the option to use dry floodproofing when elevation and acquisition would adversely affect the historic characteristics of the property or area.
- c) It helps to expedite the actual Environmental/Historic Preservation compliance process that FEMA must complete before final approval of the project. Applicants and subapplicants are strongly encouraged to request technical assistance (*See section 6.5, [Environmental/Historic Preservation Technical Assistance](#)*) from FEMA with their environmental and historic preservation questions by contacting the FEMA helpline by telephone: (866) 222-3580 or by e-mail: [ehhelpline@dhs.gov](mailto:ehhelpline@dhs.gov) or by contacting the applicable FEMA Regional Office, *See section 1.15, [Regional Contact Information](#)*.

**Coordination with State and Federal Agencies:** It is recommended that Applicants/subapplicants initiate coordination with relevant State or Federal agencies as soon as possible in order to identify any environmental or historic preservation compliance issues associated with the proposed projects. Applicants with project subapplications selected for further review will be notified of the date by which all pre-award activities (including environmental and historic preservation activities) that are considered a FEMA responsibility must be completed. The Applicant's and subapplicant's cooperation in the Environmental/Historic Preservation process will ensure timely completion of this review.

### **3.12.2. ENVIRONMENTAL/HISTORIC PRESERVATION DOCUMENTATION**

- a) **Scope of Work:** An accurate and thorough SOW provides crucial information to FEMA when undertaking an Environmental/Historic Preservation review. In addition to the information provided in the SOW, Applicants/subapplicants must answer a series of Environmental/Historic Preservation review questions in the project subapplication to provide information about potential environmental resources and/or historic properties in the project area and potential impacts to those resources. If the environmental or historic resources are identified, the Applicant/subapplicant must provide the following information, including the source and date for all information provided, in order for the project subapplication to be considered complete:

- The property address and original date of construction for any buildings or structures that are 50 years or more in age. Subgrantees must consult with property owners of structures older than 50 years, regarding the potential historic significance of their property, prior to extending a formal mitigation offer of assistance under the SRL program. Subgrantees must document that such a consultation has taken place through a signed Pre-Award Consultation Agreement, available at: <http://www.fema.gov/government/grant/srl/index.shtm>. Property owners offered mitigation under the SRL program have the right to appeal potential insurance premium rate increases, under the historic properties appeals, if they decline offers of mitigation.
  - Identification of any federally listed threatened or endangered species and its designated critical habitat in the project area.
  - Identification of vegetation, including amount (area), type, and extent to be removed or affected.
  - Identification of all surface waters in the project area regardless of drainage area, size, or perceived hazard level. Information about surface waters should include dimensions, proximity of the project activity to the water, and the expected and possible impacts of the project upon surface waters, if any.
  - Description of any adverse effects on low income or minority populations in the project area.
- b) **Eligibility and Completeness Review:** During the Eligibility and Completeness Review, FEMA will review the completeness of the responses to the questions in the Environmental/Historic Preservation review section of the project subapplication and supporting documentation. Project subapplications and individual properties that do NOT include the required information may delay the identification of outstanding environmental or historic preservation compliance measures and may prohibit FEMA from awarding SRL grants by the deadline.
- c) **Review and Compliance Process:** FEMA will use the information provided in the SOW, Cost Estimate, and Environmental/Historic Preservation sections of the project subapplication to perform the Environmental/Historic Preservation review of the proposed projects. **To facilitate the required compliance process, FEMA strongly encourages the Applicant/subapplicant to:**
- Work with Federal and State resource agencies to begin collecting information about potential environmental or historic preservation impacts of the proposed project and include any documentation from the resource agency in the subapplication. The Applicant/subapplicant should also determine if the mitigation projects will affect historically significant properties.

- Evaluate how identified environmental or historic preservation impacts could affect the overall project feasibility or whether project alternatives or changes to the design, scope, or location of the project may be required to minimize potential adverse impacts.
- Determine whether potential environmental impact mitigation measures and historic preservation measures, or changes to the project to minimize adverse effects to environmental resources or historic properties, may affect the overall project costs. For example, certain structures may be floodproofed if acquisition, mitigation reconstruction, or elevation would diminish the historic value of the property.
- Provide supporting documentation with the subapplication, including clearly labeled maps, diagrams, photographs, letters, or other documentation from resource agencies.
- Utilize the eLearning Tool for FEMA Grants available online at: <http://www.fema.gov/plan/ehp/elearning/index.shtm>. The project subapplication provides the necessary information for FEMA to determine the eligibility of proposed projects under the SRL program, including a thorough evaluation of environmental and historic preservation impacts.

### 3.12.3. CONDITIONS FOR THE AWARD OF FUNDS

- a) **FEMA Environmental/Historic Preservation review:** For mitigation project subapplications selected for further review, FEMA will complete the Environmental/Historic Preservation review and compliance process in consultation with appropriate Federal and State resource agencies. This review will be conducted with the assistance of both the Applicant and the subapplicant as part of the Pre-award Activities. The outcome of this review may be the identification of required environmental impact mitigation or historic preservation treatment measures necessary to avoid, minimize, or compensate for adverse effects caused by the project. Depending on the type of property or resource affected and the scope of the project, the measures may be minimal or extensive. These required environmental impact mitigation or historic preservation treatment measures will be required conditions placed on the award of the grant.
- b) **Cost Estimate for Impact Mitigation and Treatment Measures:** The Applicant/subapplicant should ensure, to the best of their ability, that costs of any treatment measures necessary to address potential adverse impacts are realistically reflected in the Cost Estimate. Cleanup costs associated with hazardous materials are not eligible project costs, (*See section 3.2, Ineligible Project Activities and Costs*). The Applicant/subapplicant is encouraged to provide an explanation of how the Cost Estimate was developed to include costs associated with anticipated impact mitigation and treatment measures. All such costs identified through the review and consultation process may be eligible if included as part of the project subapplication Cost Estimate.

FEMA will not consider changes to the SOW between the application deadline and the completion of the selection process. It may be possible for the Applicant and subapplicant to avoid or minimize adverse effects by revising the SOW during the pre-award process. The Applicant and subapplicant must explain in the revised SOW how any identified impacts to environmental resources and/or historic properties will be addressed.

The amount of the Federal share may NOT be increased to cover any additional impact mitigation and treatment measure costs identified after the application deadline. If the estimated additional costs of these measures exceed the Cost Estimate submitted, the Applicant/subapplicant may accept the subgrant award and pay the additional costs or decide not to accept the subgrant award.

### 3.13 PROJECT SUBAPPLICATION CHECKLIST

Subapplications provide the SOW and other necessary information for each proposed project that allows FEMA to review projects for Eligibility and Completeness and to select projects for award. Subapplicants must submit a separate project subapplication for each project for which SRL program funding is requested. Subapplicants will apply to the SRL program through the eGrants system, or submit project subapplications according to State procedures. The eGrants blank project subapplication is also available online to print or copy from the eGrants system Web site at:

<http://www.fema.gov/government/grant/egrants.shtm>. The project subapplication provides all of the necessary information for FEMA to determine the eligibility of proposed projects under the SRL program. The project subapplication must include the following information:

- a) **Applicant Information:** Provide name, type of subapplicant (*e.g.*, State agency, local government, or federally recognized Indian Tribal government), address, State and Federal Tax numbers, and Employer Identification Number.
- b) **Contact Information:** Provide name, agency, and address for the point(s) of contact for the subapplication.
- c) **Subapplication Name:** Applicants must verify that the subapplication name includes the location of the proposed activity and the activity type.
- d) **Community Information:** Provide the name of the community and a brief description of the community to include population, location, any geographic areas of interest, a synopsis and history of hazards affecting the community, and other applicable information that will clarify the need for the mitigation project.
- e) **Mitigation Plan Information:** Indicate whether the State/federally recognized Indian Tribal government/Territory is covered by a FEMA-approved State Mitigation Plan (Standard or Enhanced) or Tribal Mitigation Plan; indicate whether the local entity is covered by a FEMA-approved Tribal or local hazard mitigation plan; and describe how the proposed project is consistent with the goals, objectives, and priorities identified in any existing hazard mitigation plans (*See section 1.5.1., Mitigation Plan Requirement*).

- f) **Scope of Work:** Describe the purpose, objectives, methodology, feasibility, outcomes, resources, deliverables, and benefits of the proposed project, including the hazard(s) to be mitigated, location of project (*e.g.*, appropriate sections of FIRM), and the engineering design, feasibility, and effectiveness for relocation projects (*See section 3.8, Scope of Work*).
- g) **Activity Information:** Identify, at project level, the alternative project types considered and the type of activity selected, including a written justification for the selected project type.
- h) **Decision Making Process:** Identify alternatives considered to address the hazard prior to deciding upon the proposed project, describe the process used to determine that the proposed project is the best alternative to solve the identified problems, and provide the reasons the alternatives were not selected. Provide an explanation detailing why the subapplicant included some SRL properties in the consultation process, but did not include other SRL properties within the subapplicant's jurisdiction.
- i) **Properties:** Provide a list of properties to be mitigated. For each property, provide the address, latitude, and longitude, NFIP repetitive loss number, and NFIP Insurance Policy Number. In addition, provide a signed Pre-Award Consultation Agreement signed by the owner of each property identified. For elevation, floodproofing, and mitigation reconstruction projects, a Model Acknowledgement of Conditions for Mitigation of Property in a SFHA With FEMA Grant Funds signed by the property owner must be included. Value, deed restriction language, and assurances (described in section 4.1.5.1., Assurances) must be included for open space acquisition and relocation projects.
- j) **Schedule:** Provide timeframes to complete each project task (*e.g.*, survey, appraisal, permitting, inspection requirements, and site preparation), and significant milestones throughout the entire performance period (*See section 3.8, Scope of Work*). During the consultation and mitigation offer process, individual property owners must be apprised of the anticipated project schedule for relocation, elevation, acquisition, minor physical localized flood reduction projects, or floodproofing (historic properties only) in the Pre-Award Consultation Agreements.
- k) **Cost Estimate:** Provide all anticipated and potential costs for each proposed project activity. Provide an Approved Indirect Cost Agreement, if applicable. Include information on payments received under the Uniform Relocation Assistance and Real Property Acquisition Act of 1970 (URA) as amended, if applicable. The Pre-Award Consultation Agreements must inform individual property owners of the anticipated offer amount for relocation, elevation, acquisition, minor physical localized flood reduction projects, or floodproofing (historic properties only).

- l) **Match Sources:** Provide the non-Federal cost share for the proposed activity, including documentation to support the non-Federal cost share and the Applicant’s strategy to reduce the number of repetitive loss properties, if appropriate, for Federal cost share of up to 90 percent (*See section 1.5.1., Mitigation Plan Requirement*).
- m) **Cost-effectiveness Information:** Provide a complete project-level BCA for the project subapplication (*See section 3.11, Cost Effectiveness*).
- n) **Environmental/Historic Preservation Review:** Provide a description of Environmental/Historic Preservation impacts and the alternatives considered prior to deciding upon the project. Provide documentation that property owners offered assistance under the SRL program have been notified, if applicable, of the potential historic significance of their SRL property.
- o) **Maintenance Schedule and Costs:** Provide a maintenance schedule, including cost information, and identify the entity that will perform long-term maintenance.
- p) **Evaluation Information:** Provide responses to the questions for each subapplication for competitive National Ranking and Evaluation, including documentation for the BCA.
- q) **Assurances and Certifications:** If applicable in your Applicant State/Tribe/Territory, complete the Summary Sheet for Assurances and Certification, FEMA Form 20-16; Assurances-Non-Construction Programs, FEMA Form 20-16A; Assurances-Construction Programs, FEMA Form 20-16B; Certification Regarding Lobbying, Debarment, Suspension and Other Responsible Matters; Drug-Free Workplace Requirements, FEMA Form 20-16C; and Disclosure of Lobbying Activities, Standard Form LLL.

### 3.14 FEMA REVIEWS

#### 3.14.1. ELIGIBILITY AND COMPLETENESS REVIEW

Project subapplications that do not satisfy the Eligibility and Completeness requirements will not be considered under the SRL program. Comments may be provided by the Regional Office so that Applicants and/or subapplicants can modify their subapplication for future use. FEMA will review all project subapplications to ensure the following criteria are met:

- Eligibility of the Applicants/subapplicants
- Eligibility of proposed activities and properties
- Completeness of SOW
- Completeness of the Cost Estimate documentation and consistency with the SOW

- State/tribal planning requirements are met, and consistency of mitigation projects with the Applicant’s State/Tribal hazard mitigation plan and local/tribal hazard mitigation plan
- Feasibility and effectiveness of mitigation projects including complete supporting documentation
- Benefit-cost ratio of 1.0 or greater for the proposed mitigation project
- Supporting documentation and inclusion of appropriate environmental mitigation measures and historic property treatment measures in the Cost Estimate
- Verification that property owners have been notified of the potential historic significance of their SRL property, if required

#### **3.14.2. BENEFIT-COST TECHNICAL REVIEW**

FEMA will evaluate the project BCA for proposed SRL mitigation projects to verify that projects have a BCR of 1.0 or greater. Project subapplications with a BCR of less than 1.0 may be removed from consideration.

The benefit-cost review will be based on the documentation provided in the project subapplication. Projects where the BCA is inadequately documented or where critical data or sources appear unreasonable may be removed from consideration.

#### **3.14.3. FEASIBILITY AND EFFECTIVENESS TECHNICAL REVIEW**

FEMA will conduct a feasibility and effectiveness review for each project subapplication to ensure that the project is both feasible and effective at mitigating the hazard(s) for which the project was designed. To determine both feasibility and effectiveness, FEMA will use the information provided in the project subapplication, including the SOW and Cost Estimate sections, as well as any supporting documentation to review the engineering feasibility of the proposed project. If applicable, proposed schematic or detailed engineering drawings, or engineering designs for projects that demonstrate the design parameters and how the project will achieve the stated objectives will be reviewed to assess the effectiveness and feasibility of the proposed project.

Project subapplications must address the level of protection provided by the proposed project as well as any residual risk to the structure after project implementation. Project subapplications that do not include appropriate documentation to support the determination of feasibility and effectiveness may be removed from consideration.

### **3.15 FEMA PRE-AWARD ACTIVITIES**

FEMA will work with Applicants whose project subapplications have been selected for further review to implement required pre-award activities prior to grant award (*e.g.*, SFHA, geocoding, and Environmental/Historic Preservation compliance requirements). FEMA may, at its discretion, request information or documentation from Applicants to

support certain project subapplications as part of pre-award activities. Applicants must respond to requests for information from the FEMA Regional Offices regarding their project subapplications within the timeframe specified. Applicants with project subapplications selected for further review will be notified of the date by which all pre-award activities must be completed.

### **3.16 UPDATING REPETITIVE LOSS DATABASE FOR MITIGATED PROPERTIES**

In order to maintain accurate, up-to-date records of all repetitive loss properties mitigated as a result of FEMA mitigation grants, FEMA requires the submission of Form [AW-501](#), *NFIP Repetitive Loss Update Worksheet* (OMB #1660-0022). Typically, this form is completed by the State or community, but may be completed by a FEMA Regional Office. Appropriate documentation that shows any changes in the flood risk of a property (e.g., elevation certificate, deed restriction, or demolition permit) must be provided. The two primary sources of funding for the project must also be identified. The AW-501 form must be submitted for each property mitigated with SRL program funds prior to closeout. An electronic version of the AW-501 is provided on [SQANet](#). This version can be used to submit the required information for any SRL property mitigated under this or any other mitigation program.

A user name and password for [SQANet](#) are required to complete the electronic AW-501. After obtaining the NextGen account sign in information, logon, lookup the subject property by repetitive loss number and follow the step by step instructions provided in the AW-501 Quick Start document to submit the AW-501 for processing. The work list feature allows you to track the status of your submittal.

### **3.17 FEDERAL INCOME TAX AND MITIGATION PROJECT FUNDS**

FEMA mitigation payments that benefit property owners through the mitigation of their structures are not subject to Federal income taxation. FEMA mitigation payments to acquire a property will be treated as an involuntary conversion for tax purposes. For more information, property owners should consult their Internal Revenue Service (IRS) office or a tax advisor.

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## SECTION 4 ACQUISITION AND MITIGATION RECONSTRUCTION

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### 4.1 PROPERTY ACQUISITION

For property acquisition and relocation projects, Applicants and subapplicants must comply with the following requirements, 44 CFR Part 80, and related program guidance. A project may not be framed in a manner that has the effect of circumventing these requirements.

#### 4.1.1. ELIGIBILITY FOR PROPERTY ACQUISITION PROJECTS

Properties eligible for acquisition include those where:

- The property will be acquired from a willing, voluntary seller
- The property contains an SRL structure that may or may not have been damaged or destroyed due to an event
- All incompatible easements or encumbrances can be extinguished
- The property is not contaminated with hazardous materials at the time of acquisition, other than incidental demolition or household waste
- Any relocated structures are located outside of the SFHA, outside of any regulatory erosion zones, and in conformance with any other applicable State or local land use regulations
- The property is not part of an intended, planned, or designated project area for which the land is to be acquired by a certain date, and/or where there is an intention to use the property for any public or private future use inconsistent with the open space deed restrictions and FEMA acquisition requirements (examples include roads and flood control levees)
- The property will not be subdivided prior to acquisition, except for portions outside the identified hazard area, such as the SFHA or any risk zone identified by FEMA

#### 4.1.2. ELIGIBLE COSTS

Eligible costs include:

- Compensation for (i) the cost of relocating the structure or the value of the structure and the cost of demolition, and (ii) the land associated with that structure or for land already held by an eligible Applicant or subapplicant, compensation for development rights (*i.e.*, open space easement);
- Costs for appraisals, title insurance, title search, recording of the deed and deed restrictions, and other costs necessary for the real estate transaction; and

- Other necessary and appropriate costs to implement the project.

#### **4.1.3. INELIGIBLE COSTS**

Ineligible costs include:

- Compensation for land that is already held by an eligible entity (though compensation for development rights (i.e., open space easement) may be allowable)
- Costs for cleanup or remediation of contaminated properties, except for permitted disposal of incidental demolition and household hazardous wastes
- Mitigation costs when an Applicant, subapplicant, other project participant, or third party's negligence or intentional actions contributed to the conditions needing mitigation

#### **4.1.4. REQUIREMENT TO MAINTAIN AS OPEN SPACE**

Subapplicants requesting assistance for a real property acquisition or building relocation must apply specific deed restriction language to acquired property deeds. These deed restrictions must ensure acquired properties will be maintained as open space in perpetuity and consistent with natural floodplain functions. The Model Applicant and subapplicant Agreement Regarding Open Space is available on FEMA's mitigation Web site or by request from the FEMA Regional Office. Any modifications to the model deed restriction can only be made with prior approval from FEMA's Office of Chief Counsel.

##### **4.1.4.1. Allowable Land Use Requirements**

The property shall be dedicated and maintained in perpetuity as open space for the conservation of the natural floodplain functions in accordance with 44 CFR § 80.19 and this guidance.

Allowable land uses may include parks for outdoor recreational activities, wetlands management, nature reserves, cultivation, grazing, camping (except where adequate warning time is not available to allow for evacuation), unimproved parking lots, unpaved parking lots, buffer zones, and other uses FEMA determines compatible with the grant and deed restrictions.

Allowable land uses generally **do not** include: walled buildings, levees, dikes, floodwalls, paved roads, highways, bridges, cemeteries, landfills, storage of any hazardous or toxic materials, above or below ground pumping stations, above or below ground storage tanks, paved parking, off-site fill, or other uses that obstruct the natural and beneficial use of the floodplain.

In accordance with 44 CFR § 80.19 and this guidance, any improvements on the property shall comply with proper floodplain management policies and practices. Structures built on the property shall be floodproofed or elevated to at least the base flood level plus one foot of freeboard, or greater, if required by FEMA, or if

required by any State or local ordinance, and any criteria established by the Administrator.

#### **4.1.5. SUBAPPLICATIONS FOR PROPERTY ACQUISITION**

In addition to general subapplication requirements identified in section 3, Mitigation Project Subapplication Guidance, subapplicants requesting assistance for property acquisition or building relocation must include the deed restriction language that the local government will record with each property deed (but need not include property specific details) in the subapplication.

The subgrantee must apply and record a deed restriction on each property in accordance with the language in the FEMA Model Deed Restriction. A Model Deed Restriction is available on FEMA's mitigation Web site or by request from the FEMA Regional Office or from the FEMA Regional Office. The local government will seek approval from FEMA's Office of Chief Counsel for any language that differs from the model deed restriction language.

##### **4.1.5.1. Assurances**

Subapplicants requesting assistance for property acquisition or building relocation must provide assurances that the requirements identified below are met. Open space acquisition projects without these formal assurances will not be funded by FEMA.

- Participation by property owners is voluntary. Prospective participants were informed in writing that participation in the program is voluntary. The subapplicant will not use its eminent domain authority to acquire the property for the project purposes should negotiations fail.
- Each property owner will be informed, in writing, of what the subapplicant considers to be the value of the property. The subgrantee will use the Statement of Voluntary Participation to document the value of the property and will provide a copy for each property after award. This Statement of Voluntary Participation is available at: [http://www.fema.gov/government/grant/vol\\_participation.shtm](http://www.fema.gov/government/grant/vol_participation.shtm) or from the FEMA Regional Office.
- The subapplicant accepts all of the requirements of 44 CFR § 80.17 and 80.19, this program guidance, and the deed restriction governing the use of the SRL program grant and use of the land. The property shall be dedicated and maintained in perpetuity as open space for the conservation of natural floodplain management functions and restricted from use or development that interferes with that purpose.
- The subapplicant understands that the land will be unavailable for the construction of flood damage reduction levees and other purposes incompatible with open space, and that the land cannot be part of an

intended, planned, or designated project area for which the land is to be acquired by a certain date.

- The subapplicant will demonstrate that it has consulted with the U.S. Army Corps of Engineers regarding the subject land's potential future use for the construction of a flood levee system and has rejected future consideration of such use in favor of accepting FEMA assistance to convert the property to permanent open space.
- The subapplicant will demonstrate that it has coordinated with the State Department of Transportation to ensure that no future, planned improvements or enhancements to the Federal aid systems are under consideration that will affect the proposed project area.
- Existing buildings will be removed by demolition or relocation within 90 days of settlement.
- Following grant award, the subgrantee may convey a property interest only with the prior approval of the Regional Administrator and only to certain entities in accordance with 44 CFR § 80.19 and this Guidance.
- Every 3 years, the subgrantee must submit to the Grantee, who will submit to the Regional Administrator, a report certifying that it has inspected the subject property within the month preceding the report, and that the property continues to be maintained consistent with the provisions of the grant.
- If the subject property is not maintained according to the terms of the grant, the Grantee and FEMA, its representatives, designated authorities, and assignees are responsible for taking measures to bring the property back into compliance.
- For an offer of pre-event market value, the property owner must certify that they are a National of the United States or qualified alien.
- After settlement, no disaster assistance for any purpose from any Federal entity may be sought or provided with respect to the property, and FEMA will not distribute flood insurance benefits for that property for claims related to damage occurring after the date of the property settlement.
- At close-out, the subgrantee will provide information in accordance with 44 CFR § 80.21 and this Guidance.

#### **4.1.5.2. Property Information for Each Property in the Statement of Work**

The subapplicant must comply with the requirements of 44 CFR § 80.17, 80.19, and 80.21 and this Guidance. The Statement of Work must include the following:

- a) A Notice of Voluntary Interest documentation in a specific format chosen by the subapplicant (such as a letter of interest from the property owner, intent to participate form from the property owner, project sign-up sheet, Pre-award Consultation Agreement, or similar format). For each interested property owners associated with a property, the subapplicant must provide documentation including **the owner’s name, signature, and the following acknowledgement:**

“I have been informed that this project for open space acquisition is voluntary and that neither the [applicant] nor the [subapplicant] will use its eminent domain authority to acquire the property for open space purposes if the property owner chooses not to participate.”

- b) The documentation of voluntary interest from each property owner must be submitted with the project application, or may be documented in the Pre-award Consultation Agreement and included with the project application. It is at the community’s discretion as to how this documentation is integrated into the project development process; however, it should be accomplished as early in the project development process as is feasible. Example Notices of Voluntary Interest are available at: [http://www.fema.gov/government/grant/resources/vol\\_notice1.shtm](http://www.fema.gov/government/grant/resources/vol_notice1.shtm) and [http://www.fema.gov/government/grant/resources/vol\\_notice2.shtm](http://www.fema.gov/government/grant/resources/vol_notice2.shtm).
- c) Value documentation for each parcel included in the cost estimate. The value must be derived using 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.
- d) A specific list of each property address and a photograph that represents the appearance of each property at the time of application.
- e) Documentation of actions that the subapplicant will take to locate comparable replacement dwellings. The subapplicant must demonstrate that replacement dwellings outside the hazard-prone area are available in the same community and maintain the relevant documentation in the subgrant file after project funds are awarded.
- f) The URA mandates that displaced tenants receive relocation assistance in accordance with 49 CFR Part 24. The project application should document properties occupied by tenants. Relocation assistance may include costs, such as moving expenses, replacement housing rental payments, and relocation assistance advisory services. These costs must be included in the cost-estimate.
- g) Other information as determined by the Assistant Administrator for the Mitigation Directorate.

#### **4.1.6. PRE-AWARD ACTIVITIES**

After application, but prior to award, the Applicant must provide FEMA with the following:

- a) Documentation that the subapplicant has consulted the U.S Army Corps of Engineers and the State Department of Transportation regarding potential future land use conflicts between levee systems, Federal aid system roads, and open space. The subapplicant must reject future consideration of such use if it accepts FEMA assistance to convert the property to permanent open space. FEMA encourages subapplicants to conduct this consultation as early as possible so that incompatible properties can be removed earlier in the process. FEMA will not award funds for any property without this documentation.
- b) A copy of the deed restriction that the local government will record with acquired properties that incorporates the specific language from FEMA's model deed restriction.

#### **4.1.7. POST-AWARD REQUIREMENTS FOR ACQUISITION AND RELOCATION**

After award of the grant, the Grantee and subgrantee must adhere to the following requirements:

##### **4.1.7.1. Property Eligibility Requirements**

Subapplicants considering the purchase of an SRL residential property with past or present commercial or industrial use must ensure that the owner provides information identifying what, if any, hazardous materials have been deposited or stored on the property. The subapplicant must require the owner to remove hazardous materials and containers. The owner must provide a clean site certification from the appropriate State agency before the subapplicant can purchase any interest in the property. Cleanup costs associated with hazardous materials are not eligible project costs.

The presence of non-leaking underground storage tanks, septic systems, home heating oil tanks, and normal quantities of lead, asbestos, and household hazardous materials does not preclude the use of mitigation funds for acquisition. However, local permitting ordinances, and State laws, as well as Federal laws, regulations, and Executive Orders must be followed. The costs of removing these items must be addressed in the project Cost Estimate; *See section 3.10 [Cost Estimate](#).*

A title insurance policy demonstrating clear title must be obtained for each approved property that will be acquired.

All incompatible easements and other encumbrances must be extinguished before acquisition.

#### **4.1.7.2. Post Award Purchase Offer Requirements**

a) Subgrantees shall ask each property owner participating in an SRL project to certify that they are either a National of the United States or qualified alien before offering pre-event market value for the property. This information should be retained in the project file.

A property owner who did not own the property at the time of the relevant event, or who is not a National of the United States or qualified alien, is not eligible for a purchase offer based on the pre-event market value of the property, but may receive current market value.

A National of the United States is defined by the Immigration and Nationality Act, 8 U.S.C. § 1101(a)(22), as:

- A citizen of the United States, or
- A person who, though not a citizen of the United States, owes permanent allegiance to the United States

The term “qualified alien” is defined at 8 U.S.C. § 1641 as an alien who, at the time the alien applies for, receives, or attempts to receive a Federal public benefit, is:

- An alien who is lawfully admitted for permanent residence under the Immigration and Nationality Act [8 U.S.C. 1101 et seq.]
- An alien who is granted asylum under section 208 of such Act [8 U.S.C. 1158]
- A refugee who is admitted to the United States under section 207 of such Act [8 U.S.C. 1157]
- An alien who is paroled into the United States under section 212(d)(5) of such Act [8 U.S.C. 1182 (d)(5)] for a period of at least 1 year
- An alien whose deportation is being withheld under section 243(h) of such Act [8 U.S.C. 1253] (as in effect immediately before the effective date of section 307 of division C of Public Law 104–208) or section 241(b)(3) of such Act [8 U.S.C. 1231 (b)(3)] (as amended by section 305(a) of division C of Public Law 104–208)
- An alien who is granted conditional entry pursuant to section 203(a)(7) of such Act [8 U.S.C. 1153 (a)(7)] as in effect prior to April 1, 1980
- An alien who is a Cuban and Haitian entrant (as defined in section 501(e) of the Refugee Education Assistance Act of 1980)

b) For each property identified for acquisition, the subgrantee shall establish and document a property value. This value must be derived using a methodology that results in a reasonable determination of property value. The subapplicant must apply this methodology consistently throughout the project area for all properties to be acquired.

All valuations in a given community (*i.e.*, the project area) must be consistently based on the same terms for each property involved in a project. If a subgrantee determines an alternative methodology is more appropriate in a specific circumstance, they shall coordinate with the Grantee and shall receive specific approval from FEMA prior to using that methodology. The subgrantee must coordinate with the Grantee to determine the methodology for property valuation.

- a) **SRL Purchase Offer Requirements:** Purchase offers made under the SRL Program have different requirements than those made under FEMA’s other mitigation grant programs and, in addition to the following requirements, must comply with the offer requirements in section 5, Consultation, Offer, and Appeals Process of this Guidance.

The purchase offer is the initial value assigned to the property, which is later adjusted by applicable additions and deductions, resulting in a final offer amount to a property owner. The purchase offer of an SRL property must be the greatest of the following amounts:

- The current market value of the property or the pre-event market value of the property
- The original purchase amount paid by the property owner holding the flood insurance policy as demonstrated by property closing documents
- The outstanding amount of any loan to the property owner, secured by a recorded interest in the property at the time of the purchase offer

Market Value is generally defined as the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the valuation, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the valuation.

Current Market Value reflects the property value at the time of the final Mitigation Offer.

For the SRL program, the pre-event market value is defined as the value of the property immediately before the most recent flood event resulting in a NFIP claim of at least \$5,000.

Appraisals to determine market value must be conducted by an appraiser in accordance with the *Uniform Standards of Professional Appraisal Practice* (USPAP). The appraiser must comply with relevant State laws and requirements, and shall have the appropriate certification, qualifications, and competency based on the type of property being appraised. Such appraisal shall reflect the property value at the time of the final Mitigation Offer (where current market value is the basis for the purchase offer) or the value immediately preceding the relevant event (where pre-event market value is the basis for the purchase offer).

When determining value for a large number of structures, the subgrantee may choose to do a statistical sampling of property values, and develop an adjustment factor for application to a tax assessed value so that it reasonably reflects each property's current market value.

When determining value based on the outstanding amount of loans to the property owner, the loans must be secured by a recorded interest in the property at the time of the purchase offer and the value shall not include home equity loans or lines of credit secured after of the property owner signs the Pre-Award Consultation Agreement. Any loans secured after the property owner signs the Pre-Award Consultation Agreement are not eligible.

The subgrantee will inform the property owner of the purchase offer amount and the methodology used to determine it in writing. This information will be documented in the offer to the property owner (*See section 5.2.2., Content of Mitigation Offer*).

- b) **Supplemental Payments for Residences:** If a purchase offer for a residential property is less than the cost for the property owner to purchase a comparable replacement dwelling outside the SFHA in the same community, the subgrantee shall make available a supplemental payment up to \$22,500 to the property owner for the difference. The FEMA supplemental payments for residences are not limited to low income population criteria. Subgrantees shall consider the cost of relocating to a permanent residence of comparable value and functionally equivalent. Property owners that receive additional amounts of SRL program funds to cover the original purchase price of the property, or to cover second mortgages or other loans, are generally not eligible to receive comparable housing payments.

#### **4.1.7.3. Property Transfer Requirements**

Property transfers must meet the following requirements:

- The property must generally transfer by a warranty deed.
- The subgrantee must record the deed along with any programmatic restrictions, consistent with 44 CFR § 80.19, and this Guidance.
- Incompatible facilities must be removed from acquired property within 90 days of settlement.

#### **4.1.7.4. Tenants**

Certain tenants who must relocate as a result of the project are entitled to relocation benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) in accordance with 49 CFR Part 24. This assistance may include costs such as moving expenses, replacement housing rental payments, and relocation assistance advisory services. In order to be eligible for URA assistance, eligible tenants must have occupied the property at least 90 days prior to the postmarked date of the Mitigation Offer to the property owner. URA payments shall be made directly to the tenant by the subgrantee. Property owners accepting Mitigation Offers must provide tenants 90 days notice to vacate the property prior to settlement.

#### **4.1.7.5. Property Close-out and Documentation**

At completion of the project activity, the subgrantee shall provide to FEMA through the Grantee the following documentation:

- a) A photo of the property site after project implementation.
- b) A copy of the recorded deed and attached deed restrictions for each property.
- c) Latitude and longitude coordinates of the property.
- d) Signed Statements of Voluntary Participation from the owner of each property identified in the Statement of Work. This statement documents more formally the Notice of Voluntary Interest provided earlier, as well as documenting required property valuation notices and offer amount. A Statement of Voluntary Participation is available at: [http://www.fema.gov/government/grant/vol\\_participation.shtm](http://www.fema.gov/government/grant/vol_participation.shtm) or from the FEMA Regional Office.
- e) For any property identified on FEMA's Repetitive Loss list, complete and submit FEMA Form [AW-501](#), NFIP Repetitive Loss Update Worksheet, to document the completion of mitigation on the repetitive loss property. FEMA Form AW-501 is available at: <http://www.fema.gov/government/grant/resources/aw501ins.shtm>.

#### 4.1.8. FUTURE RESPONSIBILITIES AND OVERSIGHT

- a) **Monitoring:** Every 3 years following the acquisition, the Applicant must submit a report certifying that the subgrantee has inspected the property within the month preceding the report and that the property continues to be maintained consistent with the provisions of the deed restriction.
- b) **Subsequent Transfer:** In accordance with the requirements of 44 CFR § 80.19 (b) and this Guidance, subsequent transfer of a property interest in the land will only occur with the prior approval of the Regional Administrator and only to another public entity or to a qualified conservation organization. For SRL purposes, a qualified conservation organization means a qualified organization with a conservation purpose pursuant to 26 C.F.R. 1.170A-14 and applicable implementing regulations, that is such an organization at the time it acquires the property interest and that was such an organization for at least 2 years prior to the opening of the grant application period. After acquiring the property interest, the subgrantee, including successors in interest, shall convey any interest in the property only if the Regional Administrator, through the State, gives prior written approval of the transferee.

The request by the subgrantee, through the State, to the Regional Administrator must include a signed statement from the proposed transferee that acknowledges and agrees to the terms of this section and documentation of its status as a qualified conservation organization, if applicable. The subgrantee may convey an interest in the property only to a public entity or qualified conservation organization. However, the subgrantee may convey an easement or lease to a private individual or entity for purposes compatible with the uses described in 44 CFR § 80.19 and with prior approval of the Regional Administrator, and so long as the conveyance does not include authority to control and enforce the terms and conditions of this section.

- c) **Limits on Future Benefits:** After settlement, no disaster assistance for any purpose from any Federal entity may be sought or provided with respect to the property, and FEMA will not distribute flood insurance benefits for that property for claims related to damage occurring after the date of the property transfer.
- d) **Enforcement:** If a property is not maintained according to the terms of 44 CFR § 80.19 and this Guidance, the Grantee shall notify the subgrantee (which includes successors in interest) that they have 60 days to correct the violation. If the subgrantee fails to demonstrate a good faith effort within the terms of the grant agreement within 60 days, the Grantee shall enforce the terms of the grant agreement by taking any measures it deems appropriate, including bringing an action of law or equity in a court of competent jurisdiction. If the Grantee fails to bring the property into compliance, FEMA may enforce the terms of the grant agreement by taking any measures it deems appropriate including:
  - Withholding FEMA mitigation awards or assistance from the Grantee and subgrantee and current holder of the property interest

- Requiring the transfer of title
- Bringing an action of law or equity in a court of competent jurisdiction against the Grantee, subgrantee, and/or their respective successors

## **4.2 MITIGATION RECONSTRUCTION**

This section is specific to mitigation reconstruction activities and must be used in conjunction with the program guidance. Mitigation reconstruction, which is the demolition and rebuilding of structures, is permitted when traditional elevation cannot be implemented.

Mitigation reconstruction is an eligible activity under the SRL program when traditional elevation cannot be implemented. This activity can be used for, but is not limited to, structures that were substantially damaged or destroyed as a result of an event that resulted in insurance claims that contributed to the SRL property designation. Mitigation reconstruction activities are intended to provide another option for State, Tribal, and local governments only when traditional elevation cannot be implemented. Refer to the diagrams in section 3.1, Eligible Mitigation Project Activities and Associated Costs, for assistance in evaluating the appropriateness of this activity.

Applicants and subapplicants should recognize that not all potential mitigation reconstruction projects will be cost effective due to locations within areas of low flood risk. Other eligible project types may be at least as cost effective as mitigation reconstruction, and property owners may appeal Mitigation Offers based on identifying more cost effective projects. Applicants and subapplicants should use discretion in selecting mitigation reconstruction even if individual property owners prefer this project type over more cost-effective mitigation measures.

Eligible costs for mitigation reconstruction projects are limited to \$150,000 Federal share per property (excluding administrative allowances and permitting fees); thus, in some cases there may be a higher percentage of non-Federal share required to cover the total project costs.

Grantee and subgrantee management costs may be used to support increased oversight and inspection requirements associated with mitigation reconstruction projects.

Mitigation reconstruction is a relatively new project activity type, and FEMA will continue to conduct analyses to determine the appropriateness of this activity in both the Gulf Coast Hazard Mitigation Grant Program Reconstruction Grant Pilot and the SRL program.

### **4.2.1. SUMMARY OF MITIGATION PROJECT REQUIREMENTS**

In addition to complying with the subapplicant requirements in section 3, Mitigation Project Subapplication Guidance, the subapplicant must provide documentation that traditional elevation cannot be implemented, e.g., because it is not structurally feasible. Grantees may establish requirements more stringent than the parameters outlined in this guidance.

Mitigation reconstruction will not be eligible if the structure is located in a regulatory floodway or V Zone as identified on the effective FIRM, or within the mapped limit of the 1.5-foot breaking wave zone.

Flood elevation data applicable in a particular area is referenced as base flood elevation (BFE) or advisory base flood elevation (ABFE.) In the wake of a major flood event, FEMA may issue ABFEs that more closely reflect post-storm conditions than pre-existing BFEs.

Mitigation reconstruction must be completed to at least the BFE or an ABFE or higher if required by any State or local ordinance, and in accordance with criteria established in this Guidance. As outlined in the February 5, 2006 memo, “*Issuance and Use of Advisory Base Flood Elevations (ABFE) in the Implementation of FEMA Assistance*,” Applicants requesting FEMA program funds in areas where ABFEs have been issued will be required to elevate to the ABFE.

**Mitigation reconstruction projects will result in the construction of a code-compliant and hazard-resistant structure on an elevated foundation system.** A Certificate of Occupancy must be issued by a qualified building official to certify that the construction was properly completed. Subgrantees must adhere to all requirements regarding building code, design, and proper inspections as set forth in this guidance. Specifically, projects funded under this program shall be designed and constructed, at a minimum, to the requirements of the 2003 edition of the International Building Code (IBC), or the International Residential Code for One- and Two-Family Dwellings published by the International Code Council. Use of the 2006 editions of the codes is strongly encouraged.

Mitigation reconstruction activities must be feasible and cost effective. They reconstruction must approximate the original footage of the structure before reconstruction. More details about the construction requirements of this project type are explained in section 4.2.7., Mitigation Reconstruction Project Scoping.

Property owners are required to adopt deed restrictions that require flood insurance coverage be maintained on the property.

#### **4.2.2. COMPLIANCE WITH LOCAL STANDARDS**

Applicable local ordinances and State laws, as well as Federal laws, regulations, and Executive Orders must be followed, in addition to the standards and requirements outlined in this Guidance. In addition, if a mitigation reconstruction project is proposed for a designated Historic District or other designated district, special considerations may be needed to determine SRL program eligibility and/or allowable construction methods.

#### **4.2.3. ELIGIBLE MITIGATION RECONSTRUCTION ACTIVITIES AND COSTS**

Mitigation reconstruction activities may involve the demolition of an existing structure, followed by on-site replacement with a hazard resistant (*e.g.*, flood, wind, and fire) and code-compliant structure.

All reasonable and necessary costs, including anticipated project costs, direct costs associated with project scoping, reviewing design professional changes, and pre-construction and construction activities listed below are eligible project costs. All costs shall be based on the construction of fundamental, code-compliant structures as related to the codes and standards outlined in this Guidance. Eligible activities must adhere to all Federal, State, and local requirements. A detailed project cost estimate shall be prepared by, or under the supervision of, the design professional responsible for project design. Details pertaining specifically to the cost estimate, such as submittal format, cost ranges, preparation requirements, and source documentation are included in section 4.2.23., Cost Estimate.

Eligible costs are limited to \$150,000 Federal share per property. Some eligible activities such as administrative allowances and permitting fees need not be included in the \$150,000 maximum Federal share as indicated in Table 4-1 below.

The activities eligible as part of a grant award under this activity type are separated into three major categories: Consultation and Project Scoping; Pre-Construction Activities; and Construction Activities. Specific activities within each of these categories that are eligible to the extent reasonable and necessary to perform the project purpose are identified in the following table:

**Table 4-1 Eligible Mitigation Reconstruction Activities**

Activity	Subject to Federal Share Funding Limit of \$150,000?
1) <u>Project Scoping</u>	
Property Verification ( <i>e.g.</i> , size of pre-existing structure)	<b>✗</b>
Preliminary Elevation Determination	<b>✗</b>
Environmental Site Assessment Phase 1	<b>✗</b>
Engineering Feasibility Study ( <i>e.g.</i> , can existing structure be elevated; is mitigation reconstruction feasible)	<b>✗</b>
Benefit-Cost Analysis	<b>✗</b>
Title Search ( <i>e.g.</i> , ownership verification)	<b>✗</b>
2) <u>Pre-Construction Activities</u>	
Site Survey ( <i>i.e.</i> , boundaries and elevation)	<b>✗</b>

Activity	Subject to Federal Share Funding Limit of \$150,000?
Testing of Soils/Geotechnical, Testing for Asbestos and Lead-Based Paint	✘
Archeological Assessment Phase 1	✘
Local, State, and Federal Permitting ( <i>e.g.</i> , environmental, historic, etc.)	✓
Architectural/Engineering Design/Plans/Specifications	✓
Plan Review	✘
3) <u>Construction Activities</u>	
Permitted Disposal of routine asbestos and household hazardous wastes incidental to demolition	✘
Environmental/Historic Preservation Mitigation	✘
Demolition/Removal ( <i>See also section 4.2.4., Eligible Demolition/Removal Activities</i> )	✓
Erosion Control/Grading/Drainage	✓
Utility Connections	✓
Landscaping for Site Stabilization ( <i>i.e.</i> , seeding)	✓
Walkways and Driveways	✓
Elevated Foundation Construction	✓
Inspection of Foundation System	✘
Structural Shell	
<i>Framing</i>	✓
<i>Exterior Doors</i>	✓

Activity	Subject to Federal Share Funding Limit of \$150,000?
<i>Windows (includes protection)</i>	✓
<i>Access/Egress</i>	✓
<i>Exterior Cladding</i>	✓
<i>Roofing</i>	✓
Interior Partitioning	
<i>Drywall</i>	✓
<i>Trim</i>	✓
<i>Painting</i>	✓
<i>Interior Doors</i>	✓
<i>Insulation</i>	✓
Utility Equipment	
<i>Heating, Ventilation and Air Conditioning (HVAC)</i>	✓
<i>Water/Wastewater Plumbing</i>	✓
<i>Electrical Panel and Wiring</i>	✓
<i>Hot Water Heater</i>	✓
Fixtures	
<i>Sinks/Toilets/Showers</i>	✓
<i>Lighting</i>	✓
<i>Cabinets and Countertops</i>	✓
Flooring	✓

Activity	Subject to Federal Share Funding Limit of \$150,000?
Building Inspections	✗
Certificate of Occupancy	✗
Final Elevation Certificate	✗
Owner Displacement Costs	✗
Tenant Displacement Costs	✗
Prepare and Record Flood Insurance Requirement (after construction finalized)	✗

✓ = Included in the \$150,000 Federal Share Funding Limit

✗ = Not included in the \$150,000 Federal Share Funding Limit

#### 4.2.4. ELIGIBLE DEMOLITION/REMOVAL ACTIVITIES

Mitigation reconstruction projects will include either total or partial demolition of the site. All demolition debris (*e.g.*, hazardous and non-hazardous) shall be removed and taken to an approved landfill. The following must be considered during demolition:

- All asbestos must be abated and disposed of properly.
- Mitigation reconstruction projects may include the removal of existing associated structures, garages, and above-grade concrete slabs as required.
- Any abandoned septic tanks that are not removed shall be emptied, have the floors and walls cracked or crumbled to prevent the tank from holding water, and be filled with sand or other clean fill.
- All foundation and basement walls not included within the mitigation reconstruction project footprint shall be removed to at least 1-foot below the finish grade of the site or as necessary to construct the new foundations.
- All basements not included within the mitigation reconstruction project footprint shall be filled with compacted clean fill. Prior to filling, basement floors should be provided with a minimum 1-foot diameter hole in the floor to allow for drainage.
- Only trees which restrict the mitigation reconstruction work on any structure may be removed.

- Any abandoned utilities shall be terminated at least 2-feet below the finish grade of the site.
- Any abandoned wells shall be capped and/or associated components may be removed.
- All disturbed areas must be graded and leveled. The top 12-inches of soil should be capable of encouraging vegetation in areas not included in the reconstructed footprint.

#### **4.2.5. INELIGIBLE MITIGATION RECONSTRUCTION ACTIVITIES AND COSTS**

Certain mitigation reconstruction activities and their associated costs are not eligible. Ineligible activities and costs include but are not limited to the following:

- Mitigation reconstruction of structures located in a regulatory floodway or V Zone as identified on the effective FIRM, or within the mapped limit of the 1.5-foot breaking wave zone
- Mitigation reconstruction involving properties that are the subject of pending litigation
- Unapproved scope changes
- Legal procedures related to litigation for an approved application
- Landscaping for ornamentation (*e.g.*, trees, shrubs, etc.)
- Decks and garages not included as part of the foundation system
- All construction activities not specifically noted in this Guidance and not specifically approved by FEMA in advance
- Site remediation of hazardous contaminants
- Maintenance costs

#### **4.2.6. FEASIBILITY/EFFECTIVENESS REQUIREMENT**

Mitigation reconstruction projects must be both feasible and effective at mitigating the hazards for which the project was designed. To determine both feasibility and effectiveness, FEMA will use the information provided in the project application, including the Scope of Work and Cost Estimate sections, as well as any supporting documentation to perform an Engineering Feasibility evaluation of the proposed project. If applicable, proposed schematic or detailed architectural/engineering drawings shall be included to allow FEMA to assess the effectiveness and feasibility of the proposed project.

The height to which a foundation can be constructed is a key factor in determining feasibility. Assistance in evaluating flood mitigation techniques can be found in FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*. FEMA has developed guidance for the design of appropriate foundations based on the requirements of the International Codes and other applicable coastal construction standards. This guidance is included in FEMA 550, *Recommended Residential Construction for the Gulf Coast: Building on Strong and Safe Foundations*, which also includes sample foundation design calculations and drawings and describes in detail the considerations for determining the feasibility of constructing to the required height. While FEMA 550 was developed in response to the reconstruction needs following Hurricane Katrina, the design solutions provided can be used in both coastal and non-coastal flood zones. The document recommends users employ the appropriate foundation by following the Foundation Selection Decision Tree. In this document, FEMA recommends that the sample designs be used for a maximum height of 8 feet for a closed foundation and up to 15 feet for an open foundation. A design professional should be consulted to determine feasibility for residential structures with required foundation heights greater than these limits.

#### **4.2.7. MITIGATION RECONSTRUCTION PROJECT SCOPING**

In order to facilitate project development, including determination of technical feasibility and cost effectiveness, and to ensure all potential costs have been estimated, a conceptual design of proposed activities must be established during the application development. Although the construction of each structure will be designed by a licensed professional as part of the implementation of the project, basic design parameters for each structure must be established during project scoping. Some of the design parameters that must be established during project scoping include foundation type, required foundation height, flood hazard conditions, appropriate wind design, project cost, and site conditions. To aid potential subapplicants through the project scoping process, FEMA has developed detailed information regarding cost estimates, *See section 4.2.23., [Cost Estimate](#)*. The primary design parameters that must be considered during project scoping include:

- a) **Foundation Type**: A key consideration for scoping mitigation reconstruction projects will be the type of foundation required. The type of foundation for a specific mitigation reconstruction project will be based on the location of the property within a defined flood zone (based on the BFE or ABFE) and the required height of the proposed structure above adjacent grade. During project scoping, the applicable flood zone or flood hazard area for each structure must be identified as well as the associated foundation design requirements. This will aid Applicants in determining the appropriate foundation type.

The type of foundation selected will impact the type and cost of construction and must be identified prior to application submittal. Assistance in evaluating flood mitigation techniques can be found in FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*. Detailed guidance on foundation designs and design parameters can be found in FEMA 550, *Recommended Residential Construction for the Gulf Coast: Building on Strong and Safe Foundations*.

- b) **Foundation Height:** The required height to which a foundation must be constructed is a key factor in determining feasibility and cost. Assistance in evaluating flood mitigation techniques can be found in FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*. FEMA has developed guidance for the design of appropriate foundations based on the requirements of the International Codes and other applicable coastal construction standards. This guidance is included in FEMA 550, *Recommended Residential Construction for the Gulf Coast: Building on Strong and Safe Foundations*, which also includes sample foundation design calculations and drawings. In this document, FEMA has recommended sample designs and associated height limitations for various foundation types. For residential structures with required foundation heights greater than these limits, a design professional should be consulted to determine feasibility.
- c) **Wind Design Considerations:** All mitigation reconstruction activities must be completed in accordance with the International Codes. This includes the appropriate wind design as dictated by the required wind design speed for the project location. An additional consideration is the requirement for the installation of shutters or other protective measures in wind-borne debris regions, which are defined by those areas with a design wind speed of 120 miles per hour or greater. During project scoping, projects located within these areas should be identified and the associated cost of shutters or protective measures must be included in project costs.
- d) **Seismic Considerations:** All mitigation reconstruction activities must be completed in accordance with the International Codes. This includes the appropriate seismic design as dictated by the required seismic design for the project location. During project scoping, projects located within these areas should be identified and the associated cost of seismic design measures or protection must be included in project costs.
- e) **Project Cost:** The requirements and preferences for mitigation reconstruction developed through the parameters described above will significantly impact the cost of proposed activities. Proposed costs must be developed for consideration of mitigation options and completion of the BCA. Detailed guidance on costing procedures will be available from the FEMA Regional Office. In addition to these specific parameters, other considerations may need to be addressed during project scoping, such as:
- Zoning requirements and other local ordinances
  - Soil conditions
  - Site access requirements
  - Environmental and historic structure considerations

During project scoping, consideration should be given to all parameters that have the potential to significantly impact project implementation including work schedule, project cost, and project effectiveness.

#### **4.2.8. CERTIFICATE OF OCCUPANCY**

Projects funded under this program shall not be occupied or the occupancy category changed without prior issuance of a Certificate of Occupancy by the governing local jurisdiction. In jurisdictions that have adopted the International Codes, the Certificate of Occupancy shall be issued only after the building official inspects the structure and finds no violations of the provisions of applicable codes or other laws enforced by the building department, as well as the provisions and requirements of this guidance.

In the absence of an adopted building code in a participating jurisdiction or the absence of a designated building official, the required inspections shall be conducted by or under the direct supervision of a design professional licensed in the State of the subject project. In communities that have not currently adopted the International Codes, the State Building Commission shall determine the education, training, and experience requirements for inspectors responsible for conducting inspections.

Inspections required prior to the issuance of a Certificate of Occupancy include, but are not limited to the following:

- a) **Demolition Inspection:** Inspections shall be made after all utility connections have been disconnected and secured in such manner that no unsafe or unsanitary conditions exist on the site during or after demolition operations.
- b) **Foundation Inspection:** Inspections shall be made during foundation construction to verify that the foundations have been installed to the depth and capacity specified in the construction documents.
- c) **Floodplain Inspection:** Inspections shall be made for properties located in the SFHA, upon placement of the lowest floor and prior to subsequent vertical construction. Documentation of the elevation of the lowest floor shall be provided by a land surveyor, engineer, or architect authorized by law to certify elevation information in the State where the project is located. Handheld, Global Positioning System (GPS) derived ground elevations are not acceptable to meet this requirement. In addition, set backs and distances from water courses, the regulatory floodway, V Zone, and mapped limit of the 1.5-foot breaking wave zone should be checked prior to construction.
- d) **Framing Inspection:** Inspections shall be made after the roof, including all framing and bracing, is in place and after the plumbing, mechanical, and electrical rough-ins are complete. The framing inspections shall be made to verify that framing members are of the type, size, and grade indicated on the construction documents and the connections and fasteners have been installed in accordance with the applicable codes and construction documents.

- e) **Sheathing Inspection:** Shall be conducted after all roof and wall sheathing and fasteners are complete and, at a minimum, shall include inspection of the roof sheathing, wall sheathing, sheathing fasteners, and roof/wall dry-in.
- f) **Final Inspection:** A final inspection should be completed to document compliance with all requirements of the International Codes, local floodplain ordinances, and any other State or local regulations.

A comprehensive list of all required inspections, permits, and certifications is included in the International Codes. Additional information on flood-related inspections can be found in the International Code Council document, *Reducing Flood Losses Through the International Codes*. A sample inspection checklist is available at: <http://www.fema.gov/library/viewRecord.do?id=1595>.

#### **4.2.9. APPROXIMATION OF ORIGINAL SQUARE FOOTAGE**

Mitigation reconstruction activities must result only in an approximation of the original square footage of the structure. **The square footage of all resulting structures shall be no more than 10 percent greater than that of the original structure.** The final square footage will be verified at the time of subgrant closeout for compliance with this requirement. The original square footage shall be considered that portion of the structure that was situated on a foundation system. As such, breezeways, decks, garages, *etc.* will not be considered part of the original square footage unless they were situated on the original foundation system. Original square footage must be documented in the SRL subapplication through copies of tax records or other verifiable means.

#### **4.2.10. CODES AND STANDARDS**

Projects funded under this program shall be designed and constructed to the minimum standard as established by the requirements of the 2003 International Codes. Structures, including all parts and appurtenances shall be designed and constructed to safely support all loads, including dead loads, live loads, roof loads, floor loads, wind loads, flood loads, snow loads, seismic loads, and combination of loads expected to be imposed on the structure as defined in the Code and related documents referenced in the Codes. The construction of structures shall result in a system that provides a complete load path capable of transferring all loads from the point of origin through load-resisting elements to the soils supporting the foundations. One- and two-family dwellings shall be designed and constructed, as a minimum, to meet the requirements of the *2003 International Residential Code for One-and Two-Family Dwellings* published by the International Code Council. However, FEMA encourages communities to use the newly implemented 2006 International Codes with its referenced standards. These include Appendix G: Flood Resistant Construction, as well as American Society of Civil Engineers (ASCE)/Structural Engineering Institute(SEI) 24-05, *Flood Resistant Design and Construction* for all occupancies including residential, commercial, and other. The 2003 International Codes shall be the minimum applicable requirement until and unless a subsequent edition of that code is adopted by the governing jurisdiction.

Multi-family dwellings shall be designed and constructed, at a minimum, to meet the requirements of the IBC published by the International Code Council. The 2003 IBC

shall be the minimum applicable requirement until and unless a subsequent edition of that Code is adopted by the governing jurisdiction. For purposes of this program, the absence of an adopted building code in a participating jurisdiction or a jurisdiction's use of a building code not meeting the requirements of the International Codes shall not relieve the Applicant from meeting the minimum design and construction requirements.

Installation of manufactured homes must follow regulations and guidance provided by the U.S. Department of Housing and Urban Development and the State Administering Agency. In addition, for installations in the SFHA, the flood provisions in the National Fire Protection Association (NFPA) 225, *Model Manufactured Home Installation Standard*, (2005 Edition) shall be the minimum requirement. This document details the standards for preparation of sites, foundations on which manufactured homes are installed, and the procedures for onsite installation of homes.

Project construction documents, including design drawings and specifications, shall be signed and sealed by a design professional licensed in the State in which the project is to be constructed and certified for compliance with the codes, standards, and minimum construction requirements specified in this Guidance. Construction documents must be produced prior to the start of construction but are not required for submittal as part of an application. The construction documents shall include a statement that the design meets or exceeds the applicable 2003 International Code. Construction documents based on standard details developed by a manufacturer or material supplier, including framing members, framing connections and roofing, siding or appurtenance fasteners shall be signed and sealed by a design professional licensed in the State in which the project is constructed.

#### **4.2.11. PLAN REVIEW AND INSPECTIONS**

Construction drawings and specifications shall be reviewed by the local jurisdiction prior to the start of construction. As defined by section 103 of the IBC, the required review of the construction drawings and specifications shall be conducted by the local jurisdiction's building official. If the local jurisdiction has not established a building department, the reviews must be conducted by an independent design professional retained by the jurisdiction to conduct such reviews. The reviewing design professional shall be licensed in the State. Payment of the reviewing design professional is an allowable cost. Construction inspections must be conducted to verify that the project was constructed in full accordance with the approved design and the applicable International Codes. Construction inspections shall be conducted by the office of the building official or under the direct supervision of a design professional licensed in the State of the project as applicable.

#### **4.2.12. BUILDER CERTIFICATION**

At a minimum, all work must be performed by contractors licensed or registered in the State where they are working and who maintain appropriate insurance coverage. In addition, contractors must adhere to more stringent local requirements, where applicable.

#### **4.2.13. ADDITIONAL DESIGN AND CONSTRUCTION GUIDANCE**

In addition to the code requirements established by the International Code Council, the following documents are available to provide additional guidance and assistance (*i.e.*, not requirements) for mitigation reconstruction activities:

- ASCE/SEI 24-05, *Flood Resistant Design and Construction*
- ASCE/SEI 7-05, *Minimum Design Loads for Buildings and Other Structures*
- International Building Code (IBC), 2006 edition (Note: IBC appendices are not mandatory unless specifically adopted by the local jurisdiction.)
- International Code Council, *Reducing Flood Losses Through the International Codes*, 2nd Edition, 2005
- FEMA 55, *Coastal Construction Manual*, 3rd Edition
- FEMA 489, *Mitigation Assessment Team Report: Hurricane Ivan in Alabama and Florida*
- FEMA 499, *Home Builder's Guide to Coastal Construction, Technical Fact Sheet Series*
- FEMA 543, *Design Guide for Improving Critical Facility Safety from Flooding and High Winds (January 2007)*
- FEMA 549, *Mitigation Assessment Team Report: Hurricane Katrina in the Gulf Coast*
- FEMA 550, *Recommended Residential Construction for the Gulf Coast: Building on Strong and Safe Foundations*
- FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*

#### **4.2.14. SCOPE OF WORK FOR MITIGATION RECONSTRUCTION PROJECTS**

Eligible mitigation reconstruction activities and costs are divided into three major categories: Project Scoping, Pre-Construction Activities, and Construction Activities, *See section 4.2.3., [Eligible Mitigation Reconstruction Activities and Costs](#)*. However, more specific details about the Construction Activities portion of the process are needed to ensure an effective and feasible project. This process is described in detail in the sections that follow.

FEMA will use documentation provided by the sub-applicant to evaluate the Scope of Work, which determines the eligibility and feasibility of the mitigation reconstruction project. Therefore, when applicable, attachments must be provided of details,

supplementary data, and pertinent information from qualified/credible sources (e.g., professional engineer, architect, and local government records). See section 3.8, [Scope of Work](#), for a checklist of all pertinent information pertaining to a well-documented application. Any deviation from methods, standard building procedures, or techniques must be thoroughly explained and documented.

#### **4.2.15. GENERAL REQUIREMENTS**

The Scope of Work for mitigation reconstruction projects is expected to include six general activities associated with construction. Each of the following activities is outlined in subsequent subsections:

- Pre-construction
- Site preparation
- Foundation construction
- Structural shell construction
- Interior finishes
- Construction completion

#### **4.2.16. PRE-CONSTRUCTION**

Pre-construction activities for each structure include project design, analysis, and permitting required to meet the requirements for funding.

Project design will be performed by, or under the direct supervision of a design professional (*i.e.*, a registered architect or engineer licensed in the State of the project). The design includes all calculations, analysis, and research necessary to determine the forces expected to act on the project structure. The design must account for all attachments and appurtenances. The selected structural framing members must be sufficient to provide a load path for all load bearing members so as to transfer design loads to the foundations. The design must also account for the connections required to transfer load from one member to another in accordance with the design concept.

Assistance in evaluating flood mitigation techniques can be found in FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*. Design and construction techniques for building foundations can be found in FEMA 550, *Recommended Residential Construction for the Gulf Coast: Building on Strong and Safe Foundations*. This Guidance describes in detail the considerations for determining the feasibility of constructing to the required height. While FEMA 550 was developed in response to the reconstruction needs following Hurricane Katrina, the design solutions provided can be used in both coastal and non-coastal flood zones.

The design process also includes any testing required to establish site-specific design parameters, such as soil borings conducted as part of a geotechnical exploration to determine foundation requirements.

Prior to construction, each subapplicant must obtain all applicable permits and pay all required permitting fees. Applicable permits are expected to include, but not be limited to the following:

- Zoning or land use approvals
- Environmental permits or required certifications
- Historic preservation approvals
- Building permits

#### **4.2.17. SITE PREPARATION**

Site preparation activities include demolition of existing structures, removal and disposal of project debris, site environmental restoration, utility relocation, and site grading required as part of the project. Environmental site remediation costs are not eligible; the properties must be certified as “clean” by the appropriate State office before project funds may be expended on the site.

#### **4.2.18. FOUNDATION CONSTRUCTION**

Foundation construction activities include installation, monitoring, and testing (if required) of foundations supporting the structure. Assistance in evaluating flood mitigation techniques can be found in FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*. Design and construction techniques for building foundations can be found in FEMA 550, *Recommended Residential Construction for the Gulf Coast: Building on Strong and Safe Foundations*. This guidance document describes in detail the considerations for determining the feasibility of constructing to the required height. While FEMA 550 was developed in response to the reconstruction needs following Hurricane Katrina, the design solutions provided can be used in both coastal and non-coastal flood zones.

Installation of an open foundation system shall be monitored to assure that foundation elements are installed to the depth and achieve the load capacity specified in the construction documents. Foundation construction monitoring can be conducted by a building official or their designee, the licensed design professional responsible for the project design, or an independent agency.

#### **4.2.19. STRUCTURAL SHELL CONSTRUCTION**

Structural shell construction activities include all framing, load carrying elements, attachments, and building envelope components above the foundation. As rough-in installation of electrical, communications, plumbing, and mechanical systems may require drilling through or making notches in load carrying elements, such rough-in work also is part of the structural shell construction activities. Structural shell construction

activities must include an inspection of the completed shell prior to interior work covering the framing.

A critical element of structural shell construction is an engineering inspection conducted after framing, service rough-in, and building envelope construction are completed but prior to installation of interior wall or coverings. The engineering inspection shall verify that the size, location, and materials used in the construction are in conformance with the construction drawings and the applicable International Code.

Results of an engineering inspection by, or under the direct supervision of, the responsible design professional or an independent agency shall be presented in a written report signed and sealed by the licensed design professional in charge of the monitoring. The engineering inspections must be conducted by a building official or their designee. The licensed design professional responsible for the project design may inspect the structure for quality control reasons.

#### **4.2.20. INTERIOR FINISHES**

Interior finish activities include installation of interior walls, flooring, wiring/lighting fixtures, insulation, plumbing and mechanical fixtures, kitchen/bath counters, cabinets, sinks, toilets, tub/shower, and HVAC. Inspections of these interior finish activities shall be conducted in accordance with the requirements of the applicable International Code Council building code.

#### **4.2.21. CONSTRUCTION COMPLETION**

Construction completion activities consist of conducting final inspections, preparation of a final elevation certificate (including digital photographs), issuance of a Certificate of Occupancy for the structure, and assembling the documentation necessary to verify the project's conformance with program requirements.

#### **4.2.22. SCOPE OF WORK CHANGES FOR MITIGATION RECONSTRUCTION PROJECTS**

Requests for changes to the Scope of Work after award are permissible as long as they do not change the nature of the activity, cost of the project, the feasibility and effectiveness of the project, or the BCR. Scope of Work changes can include the type of foundation (*i.e.*, from closed to open) and the type of structure to be constructed (*i.e.*, from masonry to wood frame). Requests must be supported by adequate justification from the Applicant in order to be processed. The justification is a written explanation of the reason or reasons for the change, an outline of remaining funds available to support the change, and a description of the work necessary to complete the activity. There is no guarantee that Scope of Work changes will be approved and all approvals will be at FEMA's discretion.

#### **4.2.23. COST ESTIMATE**

Each project requires a cost estimate as part of the technical and cost effectiveness evaluation process. The cost estimate shall include all reasonably anticipated project costs, including direct costs associated with project scoping and construction and closeout activities. The cost estimate should also be based on standard-grade construction.

Eligible costs are limited to \$150,000 Federal share per property. Some eligible activities such as administrative allowances and permitting fees need not be included in the \$150,000 maximum Federal share, as detailed in Table 4-1 in section 4.2.3., Eligible Mitigation Reconstruction Activities and Costs.

Federal share funding will be estimated and obligated on a per square foot basis; reimbursement will be in a manner consistent with standard SRL Grantee procedures. Based on the foundation type and required elevation height, a square foot cost for each potential combination of structure characteristics will be developed. All structures of the same type within an application will have costs allocated at the same square foot rate. Applicants will identify the type and number of structures of each possible combination to be included in the proposed project.

For cost estimating purposes, the breakdown of structure types will be based on the following structure and foundation characteristics:

- Structure Type:
  - One story
  - Two story
- Structure Area:
  - 800 to 3,200 square feet (one story)
  - 1,200 to 3,600 square feet (two story)
- Foundation Type:
  - Open foundation
  - Closed foundation
- Foundation Height:
  - 0 to 5 feet
  - to 10 feet
  - 10 to 15 feet
  - Over 15 feet

To facilitate the application development process, FEMA will provide square foot cost estimates for combinations of the above structure characteristics with respect to the appropriate geographic region of the Grantee. The square foot costs will be developed with the understanding that the costs of eligible construction activities can vary based on

the quality and type of construction materials and finishing work. Mitigation reconstruction costs will be consistent with section 4.2.10., Codes and Standards and based on materials, service equipment, and standard-grade construction practices, with basic exterior ornamentation and interior refinements consistent with an average quality of construction as defined by Marshall & Swift, R.S. Means, or similar guidance. Any costs incurred above and beyond the square foot costs as allocated by FEMA will not be the responsibility of FEMA and will not be included in the determination of the Federal share or local match. Only actual costs incurred for eligible activities will be reimbursed by the Grantee.

Subapplicants may contact their Applicant to obtain the FEMA-provided square foot cost estimates and may use these values without submitting additional documentation. However, an Applicant may provide a specific cost estimate for each combination of structure characteristics on a square foot basis. FEMA will review cost estimates submitted to ensure they are reasonable and valid for the type of construction and the geographic area. Cost information will be maintained and updated by FEMA to keep the reference cost range information as current as possible. Additional dollars per square foot information provided by subapplicants may be used by FEMA to manage the changing dynamic of construction cost variances.

For Applicants not using the square foot costs provided by FEMA, documentation of the source of all cost estimates must be provided. Costs must be provided in dollars per square foot format. The costs shall be based on the construction of fundamental, code-compliant structures with essential appurtenances as described. This will allow for a comparative review of projects of varying types within a region and to ensure reasonable construction costs have been submitted.

#### **4.2.24. COST ESTIMATE DOCUMENTATION**

The cost estimate shall describe all anticipated and potential costs associated with the proposed mitigation reconstruction project. Sufficient detail should be provided regarding various cost items. The cost estimate should clearly identify costs associated with each major work activity, including construction and non-construction activities, and include a detailed breakdown of costs within each activity. Cost estimates may be developed using commercial estimating references, well-documented local area historic costs, or competitive bids for the proposed project.

#### **4.2.25. COST-EFFECTIVENESS**

Applicants and subapplicants should recognize that not all potential mitigation reconstruction projects will be cost effective due to locations within areas of low flood risk. Other eligible project types may be at least as cost effective as mitigation reconstruction, and property owners may appeal Mitigation Offers based on identifying more cost effective projects. Applicants and subapplicants should use discretion in selecting mitigation reconstruction even if individual property owners prefer this project type over more cost-effective mitigation measures.

Considering and evaluating the potential costs and benefits when scoping project activities will help to ensure the submission of cost-effective projects. For project

subapplications that address multiple structures, the BCR may be calculated by totaling the anticipated or net present value of benefits for each structure to obtain the project's total net present value of benefits and then dividing the total project benefits by the total project cost. This represents the composite project BCR. Grantees and subapplicants are encouraged to ensure that the BCA includes all benefits associated with the proposed mitigation project. Projects with a composite project BCR less than 1.0 will not be eligible for funding.

#### **4.2.26. METHODOLOGY**

Cost-effectiveness of mitigation reconstruction activities must be demonstrated through the use of a standard FEMA BCA module. Applicants and subapplicants should select the appropriate BCA Flood module based on the type of flood hazard for the structure location and the data available. The Very Limited Data module may not be used for SRL mitigation projects. Project costs in the BCA will be based on all eligible costs, as described in section 3.10, [Cost Estimate](#). Applicants and subapplicants must ensure the projects costs reflect the full costs associated with mitigation reconstruction to the BFE or appropriate design elevation.

#### **4.2.27. DATA REQUIREMENTS FOR MITIGATION RECONSTRUCTION PROJECTS**

The data required to conduct a BCA for mitigation reconstruction activities will vary slightly depending on the module and methodology utilized. Typical data required to conduct a standard BCA for mitigation reconstruction activities will include:

- a) Structure square footage
- b) Structure type
- c) Site specific elevation data including first floor elevations
- d) Structure use
- e) Unit replacement costs (in dollars per square foot)
- f) Contents value\*
- g) Displacement costs\*
- h) Loss of rent or business income\*\*
- i) Site FIS or ABFE data

\* if different than FEMA standard value

\*\* if applicable

Project applications should include surveys, copies of elevation certificates, copies of appropriate sections of the FIS, FIRM, or ABFE data, copies of relevant supporting

information, and data from engineering reports and other documentation to support figures used in developing the project BCA.

#### **4.2.28. CLOSEOUTS**

Closeout of mitigation reconstruction projects generally includes the following:

- Agreement to close the project.
- Reconciliation/adjustment of project costs.
- The subgrantee shall submit to the Grantee a Certificate of Occupancy and Final Elevation Certificate for each structure in the project to certify that the structure is code compliant. A copy of a recorded deed for each property including mitigation reconstruction project deed requirements shall also be submitted to the Grantee. In addition, a certification from a building official or licensed design professional verifying that the structure was designed and constructed to the minimum standard of the 2003 International Codes must be provided. These documents shall be submitted before closeout can be completed. If a subgrantee fails to provide these documents, FEMA has the authority to recoup grant funds provided for the project.
- Verification that final square footage is within 10 percent of original structure square footage at time of closeout.
- Verification of insurance for each structure.
- Submission of the final project report.
- Site visit and photograph record for each structure.
- Update to repetitive loss database for mitigated properties.
- Update to property site information in the National Emergency Management Information System (NEMIS) database for each structure.
- Project closeout in SRL program and financial systems.

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## SECTION 5      CONSULTATION, OFFER, AND APPEALS PROCESS

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The SRL program differs from FEMA’s other mitigation grant programs in that those property owners who decline offers of mitigation assistance will be subject to increases to their insurance premium rates. Furthermore, prior to submitting a grant application to FEMA, Applicants and subapplicants must consult, to the best extent practicable, with the property owner to select the most appropriate project type for that property that meets all programmatic, State, and local requirements. Generally, the term “property owner” includes any co-owners who share title to the property. Accordingly, the subgrantee shall take all necessary steps to ensure the property owner is fully informed of the conditions and procedures of the program, and that proper consultation and offer procedures are followed. Any Mitigation Offer made under the SRL program remains open and available to the property owner as long as the SRL program exists, subject to the availability of funds. In the event that the property owner does not accept a Mitigation Offer, the property owner may appeal the insurance premium rate increase in certain circumstances.

### 5.1      THE SRL CONSULTATION PROCESS

**The consultation process does not represent a formal offer of mitigation assistance.** The consultation process is a required notification and information gathering process for the Applicant and/or subapplicant interested in submitting an application for an SRL project. The goal of the consultation process is to notify the property owner that his or her property has been selected for the program, to collect sufficient information about the property, and to advise the property owner that the subapplicant may include his or her property in the SRL subapplication and that there are potential consequences of declining a Mitigation Offer. Property owners who decline offers of mitigation assistance will be subject to increases to their insurance premium rates.

FEMA funds cannot duplicate amounts available to the property owner from other sources. During the consultation process, the property owner must identify any other sources of funds that may be reasonably available to the property owner for the mitigation activity, such as:

- Funds to compensate in whole or part for the value of the property
- Funds to address any property damage, such as applicable insurance policies
- Other assistance, legal claims, or third party legal obligations

If such amounts become available to the property owner even after the offer of mitigation is made, for example after the acquisition of a property, any funds received from FEMA will then be considered a duplication of benefits, which are ineligible, and the property owner must inform the subapplicant and repay such duplicated amounts.

All information related to the individual SRL property owner and/or individual property that is collected during the consultation shall be protected consistent with the Privacy Act of 1974, as amended and similar State and local laws and ordinances.

### **5.1.1. SUBAPPLICANT RESPONSIBILITIES DURING THE CONSULTATION PROCESS**

The subapplicant shall consult with the property owner prior to submitting the sub-application on project types available, estimated costs, and insurance implications as well as the right to appeal. The subapplicant will make every effort to make the consultation process as simple and streamlined as possible for the property owner.

#### **5.1.1.1. Preparation for Consulting**

In preparation for and prior to the consultation, the subapplicant will:

- Consider prioritizing their SRL properties for funding. FEMA has provided a tool to assist in this process. The alternative benefit-cost methodology prioritizes properties representing the greatest financial impact on the NFIF. This information may also be used in preparing the BCA.
- Identify appropriate mitigation project activity types that are available to the property owner in accordance with local codes and standards, and included within the local mitigation plan.
- Prepare property-specific examples of potential insurance premium rate increases. For property owners that refuse the offer, quantitative examples of the potential increase in the property owner's insurance premium rate, are provided in sections 5.3.2., [Tables A and B](#).
- Notify SRL property owners that a personal representative may accompany or attend the consultation on behalf of a property owner. If a property owner wants the personal representative to make decisions on his or her behalf, the property owner must provide authorization (*i.e.*, notarized letter) to the personal representative. FEMA shall not pay for costs incurred by the property owners for a personal representative.

#### **5.1.1.2. Consultation with the Property Owner**

In consulting with the property owner, the subapplicant will:

- Conduct the consultation in a format agreed upon by and convenient to the property owner (*i.e.*, in person, via telephone). The consultation process may involve an initial meeting and follow-up meetings as necessary to complete the process.
- Complete the project subapplication and not require the property owner to complete technical paperwork.
- Conclude and sign the Pre-Award Consultation Agreements, securing the signature of the property owner on the Pre-Award Consultation Agreements at the conclusion of the consultation process.

- Advise the property owner of the insurance implications of refusing a Mitigation Offer by providing quantitative examples of the potential increase in the property owner's insurance premium rate.
- Continue to consult with the property owner on the mitigation offer process if FEMA awards a grant for the mitigation project.
- Advise the property owner that if FEMA does not award the grant for the mitigation project the property owner will be notified by the subapplicant.

#### **5.1.1.3. Criteria for Subapplicant Consideration of Project Type**

The subapplicants will **consider** the SRL property owner's preference for a specific project type, but does not have to accept the SRL property owner's first preference, if that is an approach the subapplicant does not typically implement for legal, cost effectiveness, contractual, land-use, or other policy reasons; for example:

- Subapplicants should provide similar treatment to all property owners regarding the use of current market value or pre-event market value for acquisition projects.
- Some subapplicants will not elect to pursue an acquisition project, in order to maintain their tax base.
- Some subapplicants will not select elevation activities because that mitigation approach is not preferred, and thus is not integrated into their FEMA-approved mitigation plans.
- Some subapplicants may experience a shortage of qualified contractors and/or structural engineers to implement a particular project type, such as relocation, elevation, mitigation reconstruction, acquisition projects, or floodproofing (for historic properties only).
- Some subapplicants may select minor, physical localized flood reduction projects because property owners will not experience the risk of increased insurance premium rates.

Therefore, under some circumstances, the subapplicant may select a different project type for an individual structure than proposed by the SRL property owner. Information regarding appropriate mitigation project types is available in FEMA 551, *Selecting Appropriate Mitigation Measures for Floodprone Structures*.

#### **5.1.1.4. Consultation Meetings**

The subapplicant shall inform the property owner of the following items during the initial consultation meeting:

- a) The SRL program is a voluntary program, and the applicant and subapplicant will not use eminent domain to acquire the property if the the property owner opts out. .
- b) A final Mitigation Offer is contingent upon SRL program funds being awarded to the subapplicant.
- c) The property appears on the FEMA SRL Property List and the subapplicant intends to include the property in a SRL project subapplication.
- d) If the property owner declines a final offer made under the SRL program, the property will be subject to an increase in the flood insurance premium rate. To ensure that the property owner is aware of the insurance implications of refusing a Mitigation Offer, FEMA will support the subapplicant by providing quantitative examples of the potential increase in the insurance premium rate.
- e) There are benefits to the property owner for accepting the Mitigation Offer, if the subapplication is awarded, such as reduced risk of flood damage for elevated structures, and the opportunity to move out of the SFHA for acquisitions.
- f) Several eligible project types may be available for mitigating the property, including relocation, elevation, acquisition, mitigation reconstruction, and dry floodproofing (historic properties only). Eligible project types will be discussed with the property owner to determine the most appropriate project activity type for the property.
- g) The property owner's preferences will be discussed, and the final decision as to project type will be made by the subapplicant in conjunction with the property owner.
- h) If SRL program funds are awarded, the subapplicant shall make the final selection for the project type to be formally offered to the property owner. The subapplicant's decision regarding the selected project type will be based on a combination of factors including the SRL property owner's preferences; cost effectiveness; technical feasibility; and the subapplicant's legal, land-use, and contractual requirements.
- i) For property acquisition the subapplicant will:
  - Estimate the value of the property. Document the methodology to determine the purchase offer (*e.g.*, current market value, pre-event market value, original purchase price) and estimate the highest purchase offer amount available to the property owner based on 44 CFR § 80.17 and this Guidance, *see section 4.1.7., [Post Award Requirements for Acquisition and Relocation](#)*.

- Explain that the final offer amount may also include any applicable comparable housing payments, and where applicable, deductions, such as duplicated benefits and costs borne by the property owner consistent with 44 CFR § 80 and this Guidance.
  - Advise the property owner that he or she will need to certify that he or she is a National of the United States or qualified alien in order to receive an offer based on pre-event market value.
  - Complete all removal of existing incompatible facilities by demolition or relocation within 90 days of settlement of the property transaction. The acquired land will be deed restricted in perpetuity and managed by the subgrantee or an acceptable third-party organization.
  - Recognize that any second mortgages or home equity loans taken out following the initial consultation meeting will not be included in the purchase offer.
  - Not use its power of eminent domain to acquire the property during or after negotiations. The property shall not be part of an intended, planned, or designated project area for which the land is to be acquired by a certain date, and/or where there is an intention to use the property for any public or private future use inconsistent with the open space deed restrictions and FEMA acquisition requirements (examples include roads and flood control levees).
  - Recognize that any tenants who have resided in the property within 90 days prior to the initiation of the consultation process are entitled to relocation assistance under 44 CFR § 80.
- j) For elevation, mitigation reconstruction or dry floodproofing, a Model Acknowledgement of Conditions for Mitigation of Property in a SFHA with FEMA Grant Funds must be signed.
- k) Any SRL mitigation grant funds received directly or indirectly are generally not taxable for Federal income tax purposes. The Applicant or subapplicant should advise the property owner that any further questions may be directed to a tax advisor or the IRS with respect to any potential State, local, or other tax implications regarding the property or income upon receiving an SRL program grant.
- l) Any Mitigation Offer made under the SRL program remains open and available to the property owner as long as the SRL program exists, subject to the availability of funds.
- m) Provide specific claims history information, which may include losses which occurred prior to current ownership of the property, in order to explain their

inclusion on the SRL list. This information is available from the FEMA Regional Office or State NFIP coordinator.

- n) An NFIP insurance policy must be maintained on the SRL structure from the time of application until completion of the project or until property transfer is complete in order to qualify for SRL program mitigation assistance. For certain types of mitigation where the structure remains in the SFHA, an NFIP policy must be maintained in perpetuity.
- o) The property owner may appeal insurance premium rate increases that result from declining an SRL program Mitigation Offer based on criteria listed in this Guidance. Upon receiving the Notice of NFIP Insurance Premium Rate Increase, the property owner must mail a postmarked Request for Appeal to the appropriate Regional Administrator within 90 days of the date of the Notice of the NFIP Insurance Premium Rate Increase.
- p) The schedule of premium rate increases resulting from declining a Mitigation Offer will not terminate with the expiration of the SRL program.
- q) Explain to the property owner that their failure to sign the pre-award consultation agreement does not preclude the subapplicant from submitting an application including their property.

#### **5.1.2. CONSULTATION PROCESS REQUIRED INFORMATION**

Prior to the conclusion of the consultation process, the subapplicant shall:

- a) Verify the property address and document property owner names and addresses of other individuals, financial institutions, or government agencies with a recorded interest in the property. This includes any co-owners of the property who have an interest in future offers of mitigation assistance.
- b) Verify the property owner's permanent mailing address for future communications regarding the Mitigation Offer.
- c) Collaborate with the property owner to identify the preferred eligible project activities appropriate for the property.
- d) Collect the names, unit numbers, length of time in residence, copies of current lease information (including monthly rent and utility payments), and other contact information for all tenants that may be adversely impacted by a potential mitigation project.
- e) Identify all historical information in relationship to the property so that the selected project type will not interfere with the historic designation, or a historic district, site, building, structure, or object included in, or eligible for inclusion in, the National Register of Historic Places.

- f) Identify all environmental considerations that must be addressed in selecting an appropriate project type for the property (*e.g.*, the presence of hazardous materials, natural resources, *etc.*).
- g) Collect any structural information necessary for determining the proposed mitigation activity, the cost of mitigating the property, and the cost effectiveness of alternative project types (*e.g.*, the deed with original purchase price of the property, recent appraisals, elevation certificates, and documentation from structural inspections).
- h) Verify the current NFIP insurance policy coverage and property owner's insurance premium rate.
- i) Verify the repetitive loss history of the property, and determine whether the property owner relied upon a FEMA FIRM that, although current at the time of purchase, did not indicate that the property was located in a SFHA.
- j) Advise the property owner that FEMA funds cannot duplicate amounts available to them from other sources and that the property owner must identify any other sources of funds that may be reasonably available to them for the mitigation activity, such as: funds to compensate in whole or part for the value of the property; funds to address any property damage, such as applicable insurance policies; and other assistance, legal claims, or third party legal obligations.
- k) Take the following measures for property acquisition:
  - Obtain a copy of the original deed and any deeds of trust for the property.
  - Estimate the highest purchase offer amount available to the SRL property owner based on this Guidance and document the methodology used to determine the property value (*i.e.* market value, pre-event value, outstanding loans, original purchase price).
  - Comply with the requirements of 44 CFR § 80.7, 80.8, 80.9 and this Guidance.
  - Determine if a comparable housing payment may be necessary for the property owner to purchase a replacement residence outside of the SFHA that is of comparable value and that is functionally equivalent.
  - Document through a signed Notice of Voluntary Interest or signed Pre-Award Consultation Agreement that the homeowner has been informed that participation in this project for open-space acquisition is voluntary. Neither the State nor the local government will use its eminent domain authority to acquire the property for open-space purposes if the homeowner chooses not to participate or if negotiations fail.

### **5.1.3. DOCUMENTATION OF THE CONSULTATION PROCESS**

The Consultation Process is documented in the Pre-Award Consultation Agreement. The agreement may be signed by the property owner and the subapplicant, or the property owner may elect not to sign the agreement as detailed in section 5.1.4., Possible Outcomes of the Consultation Process. In either case, documentation must be provided acknowledging that the SRL program consultation process has occurred, is consistent with the requirements of this Guidance, and that all required information and documentation has been received from the property owner and the subapplicant. The Pre-Award Consultation Agreement is available at:

<http://www.fema.gov/government/grant/srl/index.shtm> and will document the following:

- a) The property address and proposed mitigation project type for the property.
- b) The estimated final offer amount that the property owner might receive, directly or indirectly, for completion of the mitigation project. For acquisition projects, this estimate includes estimated purchase offer; any anticipated additions (e.g. supplemental housing payments), deductions (duplicated benefits or costs borne by the property owner), and the methodology used to determine the property value (i.e. market value, pre-event value, outstanding loans, original purchase price). The subapplicant will indicate the methodology used to determine property value (market value, pre-event value, outstanding loans, or original purchase).
- c) The estimated timeframe for implementing various project types and whether the property must be vacated during project implementation.
- d) The property owner understands that his or her property appears on the FEMA SRL Property List and the subapplicant intends to include the property in a SRL project subapplication.
- e) In the event that the grant application is approved by FEMA and the property owner refuses a final offer of mitigation, the property owner understands that the insurance premium rate will increase. Quantitative examples of an effective increase in the property owner's insurance premium rate should be provided.

### **5.1.4. POSSIBLE OUTCOMES OF THE CONSULTATION PROCESS**

The SRL program consultation process has two possible outcomes:

- The property owner will sign a Pre-Award Consultation Agreement that the subapplicant will include with the project subapplication to the Applicant; or
- The property owner will indicate either verbally or in writing that he or she will not sign the Pre-Award Consultation Agreement. In this case, the subapplicant must document the interaction with the property owner and inform the property owner that their property may be included in the subapplication and that an offer may be made even though the property owner declines to consult further. The subapplicant will include this documentation with the project subapplication.

### **5.1.5. REIMBURSEMENT FOR CONSULTATION COSTS**

The Applicant and subapplicant may claim allowable consultation costs, such as travel and salaries, associated with the consultation process as a pre-award cost in their project applications. Pre-award costs will not be reimbursed to an Applicant and/or subapplicant that does not receive a grant or subgrant from FEMA.

## **5.2 MITIGATION OFFER PROCESS**

The Mitigation Offer process will occur once FEMA has awarded the grant to the Grantee and the Grantee has awarded the subgrant to the subgrantee. The SRL program differs from FEMA's other mitigation grant programs because a property owner who declines the Mitigation Offer of assistance may experience increases to his or her NFIP insurance premium rate. The property owner retains the right to appeal such increases. Any Mitigation Offer made under the SRL program remains open and available to the property owner until the SRL program terminates, subject to the availability of funds. When a property owner declines an offer of mitigation, the Grantee may use its accounting system to retain the funds for the duration of the performance period. The guidance provided below will assist the subgrantee in implementing the Mitigation Offer process with the property owner identified in the approved subgrant.

The amount of the Mitigation Offer includes the purchase offer, basis for the offer, and methodology for calculating the final offer. The amount that the property owner receives is the **final offer amount** that reflects applicable reductions (*e.g.*, duplicated benefits and costs borne by the property owner) and additions (*e.g.*, supplemental housing payments).

- **For non-acquisition projects**, the final offer amount will be based on at least two contractor estimates or appraisals for the cost of the project and applicable deductions.
- **For acquisition projects**, the final offer amount is based on the purchase offer for the SRL property determined in accordance with section 4.1.7.2., Post-Award Purchase Offer Requirements, adjusted by applicable deductions (*e.g.*, duplicated benefits and costs borne by the property owner), additions (*e.g.*, supplemental housing payment), and the methodology used to determine the property value (*i.e.* market value, pre-event value, outstanding loans, original purchase price). The subapplicant will indicate the methodology used to determine purchase offer (market value, pre-event value, outstanding loans, or original purchase).

### **5.2.1. SUBGRANTEE'S RESPONSIBILITIES DURING THE MITIGATION OFFER PROCESS**

The Mitigation Offer may involve an initial meeting and follow-up meetings, telephone calls, or mailings necessary to provide information requested by the property owner. In accordance with SRL program regulations, the property owner must return a signed Mitigation Offer Letter accepting or refusing the offer of mitigation to the subgrantee within 45 days from the date of the Mitigation Offer Letter. The 45-day period may be extended by the Regional Administrator, if the property owner submits a written request

before the expiration of the 45-day time period describing extenuating circumstances and the Regional Administrator grants the request.

The subgrantee will:

- Sign and send (via certified mail) Mitigation Offer Letters to all property owners identified in the subgrant within 30 days of receiving the subgrant award. The 30-day period may be extended by the Regional Administrator if the subgrantee, through the grantee, submits a written request before the expiration of the 30-day time period describing the extenuating circumstances, and the Regional Administrator grants the request.
- Follow the Mitigation Offer Letter with a meeting with the property owner, if requested.
- Forward a copy of each Mitigation Offer Letter and all responses to the appropriate FEMA Regional Office and the Grantee, and retain copies in the subgrant file for a minimum of 3 years after the project closeout.
- Make every effort to ensure the mitigation offer process is as simple and streamlined as possible for the property owner.
- Complete Federal grants reports or technical paperwork associated with the project implementation process for the property owner or seek assistance from the appropriate FEMA Regional Office.
- Clearly state any financial and other reporting requirements incumbent upon the property owner accepting the Mitigation Offer.
- Require the property owner to certify that they are a National of the United States or qualified alien before offering pre-event market value for an acquisition project.
- Complete the Voluntary Participation form for the property owner's signature.
- Continue to coordinate the mitigation activity with the property owner.
- If the property owner refuses the Mitigation Offer, then advise the property owner of the increase in insurance premium rate, their right to appeal the insurance premium rate increase, and that the Mitigation Offer remains open and available subject to the availability of funds.

### **5.2.2. CONTENT OF MITIGATION OFFER**

The subgrantee will use the model format found at:

<http://www.fema.gov/government/grant/srl/index.shtm> when issuing a Mitigation Offer Letter. If the subgrantee finds it legally necessary to substitute its own Mitigation Offer

Letter, the proposed draft must be reviewed and approved by the FEMA Office of Chief Counsel, prior to sending the letter to the property owner.

The Mitigation Offer Letter will inform the property owner of the following:

- a) A mitigation grant has been awarded to the subgrantee that includes the property owner's SRL property.
- b) The mitigation project activity type for which the grant award was made.
- c) For property acquisition: In accordance with 44 CFR § 80.17(c) and program guidance, the subgrantee will indicate the current market value of the property, identify the highest purchase offer amount available to the property owner. This includes property value; any anticipated additions (e.g. supplemental housing payments) and deductions (duplicated benefits or costs borne by the property owner); and the methodology used to determine the property value (i.e. market value, pre-event value, outstanding loans, original purchase price). The subapplicant will indicate the methodology used to determine purchase offer (market value, pre-event value, outstanding loans, or original purchase).
- d) For elevation, mitigation reconstruction, and dry floodproofing projects: The total project cost of the proposed mitigation activity and any applicable deductions. Alternatively, the Pre-Award Consultation Agreement may be referenced and attached to the Mitigation Offer Letter if the information is still valid.
- e) Participation in the SRL program is voluntary as documented through the Voluntary Participation form that will be signed by the property owner as part of the Mitigation Offer process.
- f) There are benefits to the property owner for accepting the Mitigation Offer (e.g., reduced risk of flood damage for elevated structures and the opportunity to move out of the SFHA for acquisitions).
- g) All holders of recorded interest in the property have been notified that a formal Mitigation Offer has been made on the property.
- h) The property owner has 45 days from the date of the Mitigation Offer Letter to accept or refuse the Mitigation Offer of assistance.
- i) Failure to respond to the Mitigation Offer Letter within 45 days of the date on the Mitigation Offer Letter constitutes a refusal.
- j) The Regional Administrator may extend the property owner's period of consideration beyond 45 days based on a written request by the property owner explaining extenuating circumstances and submitted before the expiration of the 45 day time period.

- k) The Mitigation Offer Letter constitutes a formal Mitigation Offer under the SRL program, and refusing the Mitigation Offer will subject the property owner to an increase in flood insurance premium rate. The property owner will receive a separate notice of the determination of flood insurance rate increase.
- l) The property owner retains the right to appeal an increase in flood insurance premium rate in certain circumstances.
- m) A summary of the consultation process.
- n) The maintenance and insurance responsibilities of the property owner during and after the mitigation project process (*e.g.*, maintaining flood insurance, securing a contractor, receiving funds in a bank account for the project, and keeping receipts for the project in accordance with State and local grant and contract requirements).
- o) If the selected project type is elevation, mitigation reconstruction or dry floodproofing, the requirement for the property owner to sign a Model Acknowledgement of Conditions for Mitigation of Property in a SFHA with FEMA Grant Funds.
- p) For acquisition projects, the requirement for the property owner to sign a Notice of Voluntary Participation and attach it to the Mitigation Offer Letter.
- q) If the property has historic significance, there are compliance and treatment measures that must occur. If the property is 50 or more years of age, the property owner must be informed of the potential historic significance of their property. If the property is listed or eligible to be listed in the National Register of Historic Places and the mitigation activity offered would cause the property to lose this status, the property owner has the right to appeal an insurance premium rate increase resulting from declining the offer.
- r) For acquisition projects, the property owner must provide tenants 90 days to vacate the property prior to implementation of the acquisition. The subgrantee must notify impacted tenants of their eligibility for relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 in accordance with 49 CFR § 24.203.

### **5.2.3. PERSONAL REPRESENTATIVE FOR THE SRL PROPERTY OWNER**

If the property owner wants a personal representative to make decisions on his or her behalf, the property owner must provide authorization (*i.e.*, notarized letter) to the personal representative. FEMA shall not pay for costs incurred by property owners for engaging personal representatives.

#### **5.2.4. POSSIBLE OUTCOMES OF THE MITIGATION OFFER PROCESS**

The SRL program Mitigation Offer process has two possible outcomes:

- The property owner accepts the Mitigation Offer of assistance and signs the Mitigation Offer Letter within the allotted time. The subgrantee then forwards the response to the Mitigation Offer Letter to the Regional Administrator copying the Grantee, and the mitigation activity may proceed; or
- The property owner does not accept the Mitigation Offer of assistance and/or does not sign and return the Mitigation Offer Letter within the allotted time. The subgrantee will notify the Regional Administrator (copying the State) and the Assistant Administrator for the Mitigation Directorate will issue a notice to the property owner specifying the effective date of the insurance premium rate increase for their property. Generally, this increase will occur upon renewal of the insurance policy contract. In this notice, the Assistant Administrator for the Mitigation Directorate will notify the property owner that he or she has the right to appeal the insurance premium rate increase in accordance with 44 CFR Part 79 and this Guidance.

### **5.3 INCREASED INSURANCE PREMIUMS AND SUBSEQUENT CLAIMS PAYMENTS**

Property owners who decline offers of mitigation assistance will be subject to increases to their insurance premium rates. In accordance with 44 CFR § 79.7(c) and this Guidance, in any case in which the owner of a property refuses a Mitigation Offer of assistance or purchase under this program, the Assistant Administrator for the Mitigation Directorate will notify each holder of recorded interest on the property of such refusal. This notification will note that upon policy renewal or issuance of a new NFIP policy covering the property, the chargeable premium rate with respect to the property shall be the amount equal to 150 percent of the chargeable premium rate for the property at the time the offer was made, as adjusted by any other premium adjustments otherwise applicable to the property. Such property will also be subject to subsequent premium rate increases as the result of each additional NFIP claim payment totaling in excess of \$1,500. These insurance premium rate increases are limited to the actuarial risk premium rate for the type and class of property as established in accordance with 44 CFR § 79.7 (c).

#### **5.3.1. IMPLEMENTATION OF INSURANCE PREMIUM RATE INCREASES**

In the case of a property owner who fails to respond in writing to the Mitigation Offer of assistance within the allotted 45-day time period, or who provides written notification of refusal of the Mitigation Offer, the property owner will receive a Notice of NFIP Insurance Premium Rate Increase from the Assistant Administrator for the Mitigation Directorate of the intent to increase the chargeable insurance premium rate for the property to an amount equal to 150 percent of the chargeable rate for the property at the time the offer was made, as adjusted by any other premium adjustments otherwise applicable to the property.

Unless the property owner initiates a viable appeal of the Assistant Administrator for the Mitigation Directorate's written notice of increased insurance premium rate within 90 days of the date of the notice, the increase will take effect on the first renewal or issuance of a new NFIP policy covering the property after the 90-day appeal period has elapsed. Should the property owner submit a written appeal, including supporting documentation, during the 90-day appeal period and in accordance with this Guidance, the applicable insurance premium rate increase for the property will be suspended during a stay of applicability pending the outcome of the appeal.

If the property owner prevails on appeal, the chargeable risk premium rate for flood insurance coverage on the property will continue to be based on the applicable rating characteristics of the structure prior to the Mitigation Offer, including any other premium adjustments otherwise applicable to the class of property.

If the property owner loses the appeal, the increase in the chargeable risk premium rate for flood insurance coverage on the property will be effective on the first renewal or issuance of a new NFIP policy covering the structure after the appeal is closed. In addition, any insurance premium rate increase suspended during the stay of applicability shall be collected from the property owner. If FEMA does not receive the additional premium by the date it is due, the amount of coverage will be reduced to correspond to the amount of premium payment received. In addition, if a loss occurs, the loss payment will be limited by the amount(s) of coverage which the original premium received will buy.

With every additional claim payment made against the NFIP policy in excess of \$1,500 in total claim payments, the chargeable premium rate for that property will be subject to an additional premium rate increase of 150 percent over the chargeable rate, as adjusted by any other premium adjustments otherwise applicable to the property. Any additional premium rate increases will be effective at the first renewal or issuance of a new NFIP policy. The increases shall end when the actuarial rate is reached.

If the Mitigation Offer is refused, the Notice of NFIP Insurance Premium Rate Increase will be accompanied by a detailed, side by side comparison of the total premium at the time the offer was made and the projected total premium as a result of increased insurance premium rate(s), *see Tables A and B in section 5.3.2*. A similar document and notification will accompany the official written notice of insurance premium rate increase resulting from any subsequent paid insurance claims of more than \$1,500 in total claim payments to a property owner who has previously refused a Mitigation Offer. The increases shall end when the actuarial rate is reached.

### **5.3.2. ACTUARIAL RISK PREMIUM RATE LIMITATION**

To establish the actuarial or risk premium rate limits for the insurance premium rate increases, specific underwriting information related to the flood zone and BFE on the current FIRM, and the elevation of the lowest floor, as well as other rating criteria specific to the subject property, are required. The property owner may be required to provide the Special Direct Facility with all such required information to ensure that initial and/or subsequent insurance premium rate increases do not exceed the actuarial risk

premium rate limitation for the structure. The need for this underwriting information only exists should the property owner refuse a Mitigation Offer.

**TABLE A**

AMOUNT OF INSURANCE	PRE-FIRM PREMIUM <sup>1</sup> EXCLUDING ICC <sup>2</sup> AND FEDERAL POLICY FEE <sup>3</sup>			
	A, AE, A1-A30, AH, AO, D		V, VE, V1-V30	
	With Basement	Without Basement	With Basement	Without Basement
<b>BUILDING</b> <sup>5</sup>				
\$ 20,000	\$ 162	\$ 152	\$ 212	\$198
\$ 30,000	\$ 243	\$ 228	\$ 318	\$297
\$ 40,000	\$ 324	\$ 304	\$ 424	\$396
\$ 50,000	\$ 405	\$ 380	\$ 530	\$495
\$ 60,000	\$ 473	\$ 426	\$ 709	\$615
\$ 70,000	\$ 541	\$ 472	\$ 888	\$735
\$ 80,000	\$ 609	\$ 518	\$ 1,067	\$855
\$ 90,000	\$ 677	\$ 564	\$1,246	\$975
\$100,000	\$ 745	\$ 610	\$1,425	\$1,095
\$125,000	\$ 915	\$ 725	\$1,873	\$1,395
\$150,000	\$ 1,085	\$ 840	\$2,320	\$1,695
\$175,000	\$1,255	\$ 955	\$2,768	\$1,995
\$200,000	\$1,425	\$ 1,070	\$3,215	\$2,295
\$225,000	\$1,595	\$1,185	\$3,663	\$2,595
\$250,000 <sup>4</sup>	\$1,765	\$1,300	\$4,110	\$2,895

**As of May 1, 2007**

<sup>1</sup> Premium before applying any Community Rating System (CRS) credits or optional deductible factors.

<sup>2</sup> For building coverage amounts of \$230,000 and less, add \$75 to the building premium selected from the tables above to cover ICC cost, except D zones add \$6. For building coverage amounts above \$230,000 see footnote 4 below.

<sup>3</sup> Add \$30 to the premium selected from the Tables above to cover the Federal Policy Fee.

<sup>4</sup> Add \$60 to cover the ICC cost for the \$250,000 building limit, except for D zones. For D zones add \$4.

<sup>5</sup> Rates are per \$100 of coverage for a 12 month policy term and applicable for single and 2- to 4-family dwellings only. The first rate list is applied up to the basic insurance

limits of \$50,000 with the second rate applying to the additional insurance limits in excess of \$50,000. Premiums are rounded to the nearest \$1.

**TABLE B**

AMOUNT OF INSURANCE	PRE-FIRM PREMIUM INCREASED BY 50% <sup>1</sup> EXCLUDING ICC <sup>2</sup> AND FEDERAL POLICY FEE <sup>3</sup>			
	A, AE, A1-A30, AH, AO, D		V, VE, V1-V30	
	With Basement	Without Basement	With Basement	Without Basement
<b>BUILDING</b> <sup>5</sup>				
\$ 20,000	\$243	\$228	\$318	\$297
\$ 30,000	\$365	\$342	\$477	\$446
\$ 40,000	\$486	\$456	\$636	\$594
\$ 50,000	\$608	\$570	\$795	\$743
\$ 60,000	\$710	\$639	\$1,064	\$923
\$ 70,000	\$812	\$708	\$1,332	\$1,103
\$ 80,000	\$914	\$777	\$1,601	\$1,283
\$ 90,000	\$1,016	\$846	\$1,869	\$1,463
\$100,000	\$1,118	\$915	\$2,138	\$1,643
\$125,000	\$1,373	\$1,088	\$2,810	\$2,093
\$150,000	\$1,628	\$1,260	\$3,480	\$2,543
\$175,000	\$1,883	\$1,433	\$4,152	\$2,993
\$200,000	\$2,138	\$1,605	\$4,823	\$3,443
\$225,000	\$2,393	\$1,778	\$5,495	\$3,893
\$250,000 <sup>4</sup>	\$2,648	\$1,950	\$6,165	\$4,343

**As of May 1, 2007**

<sup>1</sup> Premium before applying any CRS credits or optional deductible factors.

<sup>2</sup> For building coverage amounts of \$230,000 and less, add \$75 to the building premium selected from the tables above to cover ICC cost, except D zones add \$6. For building coverage amounts above \$230,000 see footnote 4 below.

<sup>3</sup> Add \$30 to the premium selected from the Tables above to cover the Federal Policy Fee.

<sup>4</sup> Add \$60 to cover the ICC cost for the \$250,000 building limit, except for D zones. For D zones add \$4.

<sup>5</sup> Rates are per \$100 of coverage for a 12 month policy term and applicable for single and 2- to 4-family dwellings only. The first rate list is applied up to the basic insurance

limits of \$50,000 with the second rate applying to the additional insurance limits in excess of \$50,000. Premiums are rounded to the nearest \$1.

## **5.4 REQUIREMENTS TO APPEAL AN INSURANCE PREMIUM RATE INCREASE**

A property owner who has received a notice from FEMA for an increase in flood insurance premium rates may appeal the decision by following the procedures in this section and supporting the appeal with one or more of the six statutorily permitted grounds for appeal. Section 5.4.5., Six Grounds for Appeal, provides a description of each ground for appeal that is permitted and the specific documentation required to be provided by a property owner to demonstrate that basis for appeal.

### **5.4.1. REQUEST FOR APPEAL**

A property owner's Request for Appeal must be submitted in writing and include supporting documentation. The request for appeal must contain the following: the full name and current mailing address of the property owner, the full address of the SRL property at issue, a copy of the Mitigation Offer Letter, a copy of the Notice of NFIP Insurance Premium Rate Increase, the basis or bases for the appeal, and information and documentation in support of the specific ground(s) for appeal, consistent with this Guidance. In addition, the request for appeal must be postmarked or delivered to the appropriate Regional Administrator within 90 days of the date of the Notice of NFIP Insurance Premium Rate Increase.

At any time during the appeal phase, the property owner has the right to withdraw the appeal and opt to sign the Mitigation Offer Letter.

### **5.4.2. STAY OF INCREASED INSURANCE PREMIUM RATE PENDING APPEAL**

By submitting a Request for Appeal, an increase in the chargeable insurance premium rate is stayed pending the decision on the appeal by the Independent Third Party (ITP). In addition, the stay will be lifted if:

- The Regional Administrator does not accept the appeal for submission to an ITP because it is (i) untimely, (ii) not based on one of the six-statutorily outlined grounds, or (iii) lacks the necessary supporting documentation, in which cases the increase will go into effect.
- The Regional Administrator closes the appeal prior to ITP review upon identification of error in the extension of the Mitigation Offer, in which case no increase will occur.
- The property owner withdraws the appeal and accepts the Mitigation Offer prior to ITP review and therefore, no insurance premium rate increase will occur.

### **5.4.3. REGIONAL ADMINISTRATOR REVIEW OF APPEAL**

The Regional Administrator will conduct an initial review of each appeal received on a timely basis in order to:

- Confirm that the property owner is raising a viable appeal (*i.e.*, that the appeal is based on one or more of the six statutorily outlined grounds and includes sufficient supporting documentation and information for consideration of each ground for appeal on the merits). The Regional Administrator may reject the Request for Appeal if it is made on a basis other than one of the six-statutorily outlined grounds, resulting in an increase in the chargeable insurance premium rate upon renewal of the policy.
- Request and assemble additional documentation and information from the property owner in support of the ground(s) for appeal raised by the property owner. And if applicable, request cooperation, documentation, and information from the Grantee and subgrantee in support of the Mitigation Offer, and in opposition to the property owner's ground(s) for appeal. The Regional Administrator may reject the Request for Appeal if the property owner fails to provide sufficient supporting documentation within the time period prescribed by the Regional Administrator, resulting in an increase in the chargeable insurance premium rate upon renewal of the policy.
- Consider whether the property owner can establish, based on the face of the documentation and information provided, that the basis of the Mitigation Offer was in error. In such a case, the Regional Administrator has the discretion to request that the subgrantee reoffer the mitigation, or to close the appeal if appropriate. In all other cases, the Regional Administrator will refer the appeal, consistent with section 5.4.5., Six Grounds for Appeal, for review by an ITP.

Upon receipt of the property owner's Request for Appeal, the Regional Administrator will review it for completeness and depending upon the basis for the appeal, may contact the Grantee and subgrantee to request their cooperation, as well as documentation and information in support of the Mitigation Offer to be provided within a specified period of time.

#### **5.4.4. APPEAL TO INDEPENDENT THIRD PARTY**

If the appeal is not resolved after FEMA's initial review, the Regional Administrator will transmit the Request for Appeal and the accompanying documentation and information to the Assistant Administrator for the Mitigation Directorate as soon as practicable.

The Assistant Administrator for the Mitigation Directorate will forward the property owner's Request for Appeal to the Director of FEMA's Alternative Dispute Resolution (ADR) Office (the ADR Director). The ADR Director will maintain a list of individuals qualified to hear appeals as an ITP based on objective criteria, including training and experience as an ADR professional, established by the ADR Director. FEMA's ADR Office employs ADR professionals who possess the training and experience to serve as a neutral third party to review the appeal in lieu of an ITP. Accordingly, the property owner may choose to have his/her appeal heard by a reviewer from the FEMA ADR Office in order to minimize the expense of the appeal. If the property owner chooses this low cost alternative to an ITP, the property owner waives the right to have the appeal heard by an ITP and the determination by the reviewer from the FEMA ADR Office has

the same effect as a determination by an ITP. The ADR Director can provide further guidance to the property owner about his or her options for a reviewer.

**Grounds for Appeal:** The basis for a property owner's appeal must be one or more of the six statutorily based grounds for appeal described at 44 CFR § 79.7 (d) and this section of the guidance. No other grounds will be considered by the ITP.

**Selection of ITP:** The ADR Director will select an ITP from a list compiled by the ADR Director to hear each appeal. Selection of ITP for inclusion on the list will be based on objective criteria developed by the ADR Director. The ADR Director has the discretion to remove an ITP from the list for good cause.

**Appeal based on the Record or Hearing:** The ITP may hear a property owner's appeal in one of two ways:

1. Upon written request by the property owner, the ITP will conduct a hearing in connection with the appeal. The written request for a hearing must be included in the Request for Appeal.
2. If the property owner does not make a written request for a hearing, the ITP will consider the record on appeal; documents and information submitted by the property owner and the Grantee and subgrantee, if applicable, and make a decision based on the record on appeal.

Because the property owner is responsible for the compensation of the ITP if he or she loses on appeal, the property owner will receive information about additional costs, if any, associated with a hearing versus costs associated with consideration of the record on appeal.

When making a decision about the merits of the appeal, the ITP will consider the record on appeal. In addition, the ITP has the discretion to consider other relevant documentation and information outside the record on appeal. The ITP has the exclusive authority to determine whether other relevant documentation and information outside the record on appeal will be considered.

**Conduct of a Hearing:** If the property owner makes a written request for a hearing, such hearing will be conducted by the ITP in a manner consistent with guidelines established by the ADR Director. The ADR Director will provide these guidelines upon request. The ITP may convene a hearing at a location designated by the ADR Director. Whenever possible, hearings will be held at a location close to the SRL property that is the subject of the appeal, unless the parties jointly agree to a different location.

The parties to the hearing are the property owner and a representative of the Assistant Administrator for the Mitigation Directorate.

Parties are permitted to have a designated personal representative accompany them to the hearing. The ITP may request information about attendees other than the parties prior to

the hearing. The ITP has the discretion to permit or refuse attendees at the hearing other than the parties and his or her personal representative.

**Technical or Subject Matter Experts:** The ITP has the discretion to consult with or hear from a technical or subject matter expert. The ADR Director will maintain a list of appropriate technical or subject matter experts from other Federal agencies and elsewhere. The ITP will notify the parties of his or her intent to utilize a technical or subject matter expert provided there is no conflict of interest among the parties to the appeal or the participants at the hearing. If one of the parties raises a conflict of interest, the ADR Director will consider it and make a decision about whether to replace the technical or subject matter expert.

For an appeal on the grounds of insufficient funding for an acquisition project, the ITP must coordinate with a certified Review Appraiser to ensure technical compliance of appraisal standards, consistent with Standard 3 of the USPAP, unless the ITP meets the USPAP requirements.

The Review Appraiser's responsibilities include reviewing the subgrantee's appraisal that served as the basis of the purchase offer to ensure compliance with relevant appraisal standards. In addition, the Review Appraiser will review the property owner's appraisal submitted as documentation for an appeal (*See section 5.4.5.2., Appeals Relating to Insufficient Funding for Acquisition, Relocation, Elevation, Mitigation Reconstruction, and Floodproofing*).

**Decision:** Within 90 days of the date on which FEMA receives the property owner's Request for Appeal to an ITP, the ITP will issue a decision in connection with the property owner's appeal in writing to the ADR Director. The decision will establish whether or not the increased chargeable insurance premium rate for flood insurance coverage of the SRL property was properly determined and will be paid by the property owner. If the ITP decides to uphold the increase, the decision will include the reason(s) and the effective date of such increase (*i.e.*, the date of the refusal of the Mitigation Offer). If, on the other hand the ITP reverses the determination to increase the chargeable insurance premium rate for flood insurance coverage, the decision will include the reason(s) for the reversal. In addition, depending on the outcome, the decision will state which party will bear the costs for the compensation of the ITP.

**Final Decision:** The decision of the ITP will be final and binding on the parties to the appeal. However, the ADR Director may correct clerical, typographical, or computational errors made by the ITP.

**Action on Decision:** The ADR Director will forward the decision to the parties and the Assistant Administrator for the Mitigation Directorate. If the determination to increase the chargeable insurance premium rate for flood insurance coverage is upheld, the Assistant Administrator for the Mitigation Directorate will calculate any required insurance premium rate increases, including past amounts due, based on regulation.

**Administration of Appeal to ITP:** The ADR Director will conclusively resolve any procedural disputes arising in the course of the appeal to the ITP. The ADR Director will initially pay the fees of the ITP and reimburse the ITP for expenses unless the parties jointly agree otherwise. However, in the event the property owner loses on appeal, he or she is responsible for the compensation of the ITP and would be required to reimburse the ADR Director the amount paid in fees and expenses in connection with the appeal.

### **Outcomes of Appeal to ITP**

- 1) **If the SRL Property Owner Prevails on Appeal,** the ITP shall require the Assistant Administrator for the Mitigation Directorate to charge the risk premium rate for flood insurance coverage of the property at the rate paid prior to the Mitigation Offer (*See 44 CFR § 79.7(d)(5).*)

The ITP has no authority to award attorneys' fees, pre-judgment interest, post-judgment interest, or punitive damages. In addition, the ITP is prohibited from creating other categories of awards; for example, no award of consequential, special, or exemplary damages is available to a property owner.

Costs: If the ITP or technical or subject matter expert receives compensation for his or her services and the property owner prevails on appeal, the NFIF shall bear the costs of such compensation. A property owner who brings an appeal will be responsible for paying his/her attorneys' fees and costs.

- 2) **If the SRL Property Owner Loses the Appeal,** the Assistant Administrator for the Mitigation Directorate shall promptly apply the increase to the chargeable risk premium rate for flood insurance coverage of the property to the amount established pursuant to 44 CFR § 79.7(c) and shall collect from the property owner the amount necessary to cover the stay of the applicability of such increased rates while the appeal was pending.

Costs: If the ITP or technical or subject matter expert receives compensation for his/her services and the property owner loses on appeal, the property owner shall bear the costs of such compensation. In addition, a property owner who brings an appeal will be responsible for paying his or her attorneys' fees and costs.

## **5.4.5. SIX GROUNDS FOR APPEAL**

### **5.4.5.1. Appeals Relating to Inability to Purchase Replacement Property (Acquisition projects only)**

*The offered mitigation activity is an acquisition and the property owner would be unable to purchase a replacement of the primary residence that is of comparable value and that is functionally equivalent. The property owner must document the actions taken to locate such replacement dwelling and demonstrate that no such dwelling is available.*

For purposes of this appeal, the definition of "comparable value and functionally equivalent" means a dwelling that is decent, safe, and sanitary and that meets

applicable housing and occupancy codes. It also performs the same function, provides the same utility, and is capable of contributing to a comparable style of living. This appeal ground applies only where the mitigation offer was for the acquisition of a primary residence.

To prevail on this appeal, the property owner appellant must establish that, at the time of the Mitigation Offer, he/she was unable to purchase a replacement primary residence of comparable value and one that was functionally equivalent to the SRL property with the valuation contained in the Mitigation Offer Letter. The property owner shall demonstrate evidence of comparable value through documentation, including licensed real estate agency listings.

#### **5.4.5.2. Appeals Relating to Insufficient Funding for Acquisition, Relocation, Elevation, Mitigation Reconstruction, and Floodproofing**

*The amount of Federal funds offered for a mitigation activity, when combined with funds from the required non-Federal sources, would not cover the actual eligible costs of the mitigation activity contained in the mitigation offer, based on independent information. In the case of an acquisition, the purchase offer is not an accurate estimation of the market value of the property, based on independent information.*

*For a mitigation activity other than acquisition, the property owner must submit independent estimates from professional engineers or registered architects to support this claim. For an acquisition, the property owner must submit an appraisal from a qualified appraiser to support this claim, and valuations will be considered by a review appraiser (44 CFR § 79.7).*

This appeal applies to SRL property owners receiving a final Mitigation Offer for: (a) mitigation activities other than acquisition, and (b) acquisition only when the Mitigation Offer was based on the pre-event or current market value. This ground for appeal does not apply to owners of SRL properties that were valued for the purpose of acquisition based on the original purchase price or the outstanding amount of any loan.

- a) For mitigation activities other than acquisition: Under this ground for appeal, the property owner who was offered funds for a mitigation activity other than acquisition must show that the total project cost that was the basis for the Mitigation Offer, including the Federal contribution combined with the non-Federal funding sources, does not cover the actual eligible costs of the project.

To prevail on this ground for appeal for a mitigation activity other than acquisition, the property owner appellant must:

- 1) Submit at least two independent cost estimates from professional engineers or registered architects demonstrating a higher project cost than the total project cost amount that was the basis for the offer.

- 2) Establish that the cost estimates that were the basis of the subgrantee's Mitigation Offer were not reasonable and appropriate.
- 3) Establish that the subgrantee was not restricted from offering higher valued estimates by Federal, State, or local laws, or other policy reasons.

b) For acquisition offers: Under this ground for appeal, the property owner whose property was valued at its pre-event or current market value for the purpose of acquisition must show that the purchase offer, as described in section 4.1.7.2., Post-Award Purchase Offer Requirements, is not an accurate estimation of the market value of the property.

To prevail on this ground for appeal for an acquisition offer, the property owner appellant must:

- 1) Submit an independent appraisal from a qualified appraiser demonstrating a higher value of the property than the purchase offer amount. Such appraisal shall reflect the property value at the time of the final Mitigation Offer (where current market value is the basis for the purchase offer) or the value immediately preceding the relevant event (where pre-event market value is the basis for the purchase offer). Appraisals must be conducted by an appraiser in accordance with the USPAP. The appraiser must comply with relevant State laws and requirements and shall have the appropriate certification, qualifications, and competency based on the type of property being appraised;
- 2) Establish that the subgrantee did not base the purchase offer on a reasonable and appropriately applied methodology to reflect market value.
- 3) Establish that the subgrantee was not restricted from offering higher valued amounts by Federal, State, or local laws.

The subgrantee will supply documentation to the Regional Administrator or individual undertaking the ITP Review, if requested, concerning its own appraisals, cost estimates, and applicable legal limitations, for the selected project for the ITP to compare with the property owner's documentation.

#### **5.4.5.3. Appeals Relating to Diminishing Integrity of Historic Properties**

*The offered mitigation activity would diminish the integrity of a historic district, site, building, or object's significant historic characteristics to the extent where the historic resource would lose its status as listed or eligible for inclusion on the National Register of Historic Places.*

This appeal is based on the impact of the proposed mitigation project to a historic district, site, or structure, referred to here as the historic resource.

FEMA must provide to the ITP information and documentation related to the NHPA section 106 consultation process for the proposed undertakings. The subgrantee will provide the summary of the SRL consultation process between the subgrantee and the property owner.

To prevail on this ground for appeal, the property owner appellant must establish that:

- 1) The affected historic resource is listed or eligible for inclusion on the National Register of Historic Places as determined by FEMA through the NHPA section 106 process at the time the Mitigation Offer was made; and
- 2) The mitigation activity offered for the SRL property would adversely affect the significant historic characteristics of that historic resource to the extent that it would cause it to lose its status as listed or eligible for inclusion in the National Register of Historic Places.

#### **5.4.5.4. Appeals Relating to Third Party Violations Affecting Multifamily Properties**

*For a multifamily property: Each of the flood insurance claims payments that served as the basis for its designation as a Severe Repetitive Loss property must have resulted directly from the actions of a third party in violation of Federal, State, or local law, ordinance, or regulation. The property owner(s) must submit appropriate evidence, documentation, or data to support this claim.*

This appeal is limited to multifamily SRL properties consisting of five or more residences.

- a) This appeal does **not** apply to owners of multifamily SRL properties whose NFIP insurance claims were caused by occurrences such as the following, that are not addressed in the FEMA NFIP Floodplain Management Regulations (44 CFR § 60.3):
  - Common sediment accumulation from upstream such as clay, mud, gravel, *etc.*, that would raise the channel and floodplain elevation
  - Increased run-off due to development of watershed or neighboring properties from paving, removal of vegetative cover (*e.g.*, trees) or agricultural activities
  - Natural debris accumulation downstream of a property, such as trees, plant material, *etc.*
  - Minor culvert or drainage ditch work in a watercourse that is not mapped by FEMA
- b) This appeal does not apply to owners of multifamily SRL properties located in B, C, or X Zones.

To prevail on this ground for appeal, the property owner appellant must establish:

- a) A third party's violation of floodplain management regulation(s) or other applicable Federal, State, or local laws, ordinances, or regulations, depending upon the jurisdiction.
- b) Such violation(s) caused the flood-related damage that gave rise to each insurance claim payment that served as the basis for its designation as an SRL property.

Required evidence, documentation, or data would depend upon the specific alleged violation of Federal, State, or local law, ordinance, or regulation raised by the appellant as the basis for the appeal. A written statement from the community official responsible for floodplain management concerning the nature of the flooding may be also considered a form of documentation. Evidence of a settlement in connection with an alleged violation by a third party may also be considered on appeal.

#### **5.4.5.5. Appeals Relating to Reliance on FIRM Current at the Time of Purchase**

*The property owner relied upon a FEMA Flood Insurance Rate Map (FIRM) that was current at the time the property was purchased, and the effective FIRM and associated Flood Insurance Study (FIS) did not indicate that the property was located in an area having special flood hazards. The property owner must produce the dated FIRM and FIS in effect at the time the property was purchased to support this claim.*

To prevail on this ground for appeal, the property owner appellant must produce the FIRM and FIS in effect at the time the SRL property was purchased.

Information regarding FIRMs and the FISs are available from:

- a) The FEMA Web site:
  - <http://www.fema.gov/hazard/map/firm.shtm>
  - <http://www.fema.gov/hazard/map/fis.shtm>
  - <http://www.fema.gov/business/nfip/mscjumppage.shtm>
- b) The local town or county public records department, land use and development office, or library
- c) The State NFIP coordinator, who is often part of the State's Department of Natural Resources or Environment (check State office departments)
- d) The FEMA Region supporting the State in which the property is located

- e) The FEMA Map Service Center, which can be reached by phone at: (877) FEMA-MAP.

The property owner must also produce documentation establishing the purchase date of the SRL property. Examples of proof of property purchase include a deed to the property, a closing statement for the purchase of the property, real estate tax assessments, or bills.

The property owner must establish that at the time of purchase, the effective FIRM and associated FIS did not indicate that the SRL property was located in an area having special flood hazards. This would include a map showing the boundaries of the property in relation to the SFHA boundaries.

#### **5.4.5.6. Appeals Relating to Cost Effectiveness of Alternative Project**

*An alternative mitigation activity would be at least as cost effective as the offered mitigation activity. The property owner must submit documentation of the costs for a technically feasible and eligible alternative mitigation activity based on estimates from qualified appraisers, professional engineers, or registered architects, and information and documentation demonstrating the cost effectiveness using a FEMA approved methodology to support this claim.*

Under this appeal, it will be incumbent upon the property owner to produce documentation of the costs for a technically feasible and eligible alternative mitigation activity based on estimates from qualified appraisers, professional engineers, or registered architects, and information and documentation demonstrating the cost-effectiveness using a FEMA approved methodology. Further, the Grantee and subgrantee will produce, from the Grantee or subgrantee files, documentation on alternative mitigation activity types evaluated for cost-effectiveness for that particular structure. The Grantee and subgrantee will provide documentation of the property owner's preferences related to accepting different mitigation activities, as developed during the consultation.

Note: The subgrantee's legal, contractual, land-use preferences or restrictions, or other policies may cause the subgrantee to select a less cost effective mitigation activity than that preferred by the property owner.

To prevail on this ground for appeal, the property owner appellant must demonstrate that:

- a) Appraisals, engineering, or architectural materials provide sufficient information and documentation on total project costs for a proposed eligible mitigation activity that will meet all FEMA Environmental/Historic Preservation requirements,
- b) The proposed eligible mitigation activity, based on an approved FEMA methodology, is at least as cost effective as the mitigation activity selected by the subgrantee, **and** either of the following:

- The subgrantee failed to consult with the property owner appellant to help identify other eligible mitigation activities for the property that are cost effective and technically feasible; or
- The subgrantee does not have any legal, contractual, land-use preferences or restrictions, or other policies that may have kept the subgrantee from implementing the mitigation activity type proposed by the property owner appellant.

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## SECTION 6 TECHNICAL ASSISTANCE RESOURCES

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### 6.1 TECHNICAL ASSISTANCE

FEMA will provide technical assistance to both Applicants and subapplicants by answering general questions about the SRL program and will provide technical assistance related to specific project activity types after the application period opens. FEMA will also provide technical assistance regarding the programmatic and Mitigation eGrants application processes and the mitigation consultation/offer processes, to include how to conduct meetings with the property owner and collect information from the property owner.

In addition, FEMA will provide general technical assistance to both Applicants and subapplicants related to project engineering feasibility and effectiveness, BCA, and Environmental/Historic Preservation review during the application period. FEMA encourages Applicants and subapplicants to seek technical assistance early in the application period by contacting their FEMA Regional Office (*See section 1.15, [Regional Contact Information](#)*).

### 6.2 EGRANTS HELPDESK

FEMA will provide technical assistance to Applicants and subapplicants specific to eGrants through the eGrants Helpdesk, which can be reached via telephone: 1-800-476-0544 or e-mail: [mtegrants@dhs.gov](mailto:mtegrants@dhs.gov). Standard hours of operation are 9:00 a.m. to 5 p.m. Eastern time. Hours may be extended during the application period.

### 6.3 ENGINEERING FEASIBILITY TECHNICAL ASSISTANCE

FEMA may provide technical assistance to Applicants and subapplicants regarding the level of documentation and the types of information that FEMA will need to adequately review the feasibility and effectiveness of proposed projects. In addition, FEMA may provide technical assistance to Applicants and subapplicants regarding the completeness and accuracy of project cost estimates.

To assist Applicants and subapplicants with developing project proposals, mitigation activity case studies are available on the Grant Applicant Resources Web site:

<http://www.fema.gov/government/grant/resources/index.shtm>, or from the FEMA Regional Office. Resources available on this web site include:

- a) **Sample Engineering Case Studies** which highlight the importance of the **Scope of Work** and **Cost Estimate** sections of the project subapplication as they relate to documentation for the engineering feasibility and effectiveness review. The case studies are not sample applications and should only be used as guidance; and
- b) Procedures for **Developing Scopes of Work** for common flood mitigation activity types.

The purpose of these documents is to provide guidance to Applicants and subapplicants regarding collection of the administrative and technical data that FEMA requires.

#### **6.4 BENEFIT-COST ANALYSIS TECHNICAL ASSISTANCE**

FEMA has prepared a Mitigation BCA Toolkit CD that includes all of the FEMA BCA software, technical manuals, BCA training courses, and other supporting documentation. Applicants and subapplicants may obtain the FEMA Mitigation BCA Toolkit CD free of charge from FEMA by contacting the Technical Assistance Helpline via e-mail at [bchelp@fema.gov](mailto:bchelp@fema.gov), by telephone at (866) 222-3580, or by contacting the applicable FEMA Regional Office.

FEMA will work with Applicants and/or subapplicants that request technical assistance during the application period to complete their BCA. FEMA will provide technical assistance on the BCA data needs and documentation requirements during the application period. The BCA technical assistance provided to potential Applicants and subapplicants may cover:

- a) Use of the FEMA Mitigation BCA Toolkit CD
- b) Use of the BCA Data Documentation Templates found on the Toolkit CD
- c) Proper use of the BCA modules, procedures, and methodologies
- d) How to prepare detailed Cost Estimates

During both the Eligibility and Completeness and benefit-cost technical reviews, FEMA may contact Applicants or subapplicants to request additional information or clarification on BCA documentation in the subapplication.

#### **6.5 ENVIRONMENTAL/HISTORIC PRESERVATION TECHNICAL ASSISTANCE**

FEMA has developed specific guidance that will assist the Applicant and subapplicant in completing the Environmental/Historic Preservation questions in the Environmental/Historic Preservation Information section of the project subapplication. This guidance is available at: <http://www.fema.gov/plan/ehp/ehp-applicant-help.shtm>.

In addition, an eLearning Tool is available to assist Applicants and subapplicants with answering the Environmental/Historic Preservation questions and provides interactive and dynamic, context-sensitive help, instructions, and resources for each of the parts of the Environmental/ Historic Preservation Information section of the project subapplication. Although developed for the Pre-Disaster Mitigation (PDM) grant program, the eLearning Tool may be utilized for all of FEMA's mitigation grant programs. The eLearning Tool also highlights Environmental/Historic Preservation considerations that may need to be addressed in other parts of the project subapplication, such as the SOW and Cost Estimate.

FEMA also offers training related to environmental and historic preservation online through: <http://training.fema.gov/EMIWeb/IS/is253.asp>. This interactive, computer-based, independent study course is designed to provide the user with the basic background and practical knowledge needed to participate in FEMA's Environmental/Historic Preservation review process, help the user understand how the Environmental/Historic Preservation

review process applies to various projects proposed under FEMA's programs, and provide the resources necessary for the user to accomplish Environmental/Historic Preservation compliance. The course includes interactive knowledge checks, case studies, and resource materials.

## **6.6 PROJECT TECHNICAL ASSISTANCE HELPLINES**

FEMA established Technical Assistance Helplines to provide assistance to Applicants and subapplicants with engineering feasibility and effectiveness; BCA, including BCA software, technical manuals, and other BCA references; and Environmental/Historic Preservation review for project subapplications. The Helplines can be reached via telephone: (866) 222-3580 or e-mail: [enghelpline@dhs.gov](mailto:enghelpline@dhs.gov); [bchelpline@dhs.gov](mailto:bchelpline@dhs.gov); and [ehhelpline@dhs.gov](mailto:ehhelpline@dhs.gov), respectively, and a representative will respond within two business days.

*This policy represents FEMA's interpretation of a statutory or regulatory requirement. The policy itself does not impose legally enforceable rights and obligations, but sets forth a standard operating procedure or agency practice that FEMA staff follow to be consistent, fair and equitable in the implementation of the agency's authorities.*