



Methodology Report

Acquisition Benefit-Cost Analysis (BCA) Efficiencies
for HMA Programs

February 2022



FEMA

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1. Executive Summary

Statute, regulation, policy, and guidance governing the Federal Emergency Management Agency’s (FEMA) Hazard Mitigation Assistance (HMA) Programs require that mitigation measures demonstrate cost-effectiveness. This is typically achieved through a benefit-cost analysis (BCA) using the FEMA BCA Toolkit. Initiatives such as FEMA’s 2018–2022 Strategic Plan have bolstered efforts to prioritize simplification and promote efficiency within the agency. As such, the Federal Insurance and Mitigation Administration (FIMA) has sought efforts to reduce the complexity of the HMA grant application process, including BCAs, which can represent an administrative and financial burden on communities and the federal government.

FEMA recognizes that, for some subapplicants, the BCA represents a complex component of the grant application process, as it can require additional resources for data collection and a financial investment. In 2013, FEMA established a pre-calculated benefit for projects in the Special Flood Hazard Area (SFHA) to reduce this financial and administrative burden for residential acquisition projects. This efficiency allows subapplicants to complete a simplified subapplication for acquisition projects with a cost at or below \$276,000 without the need to complete a full BCA. In September 2021, this cost threshold was increased to \$323,000.

While the pre-calculated benefit currently only applies to properties within the SFHA, FEMA recognizes that there are many properties for acquisitions outside the SFHA that are considered high priority for mitigation. FIMA conducted an analysis of historic National Flood Insurance Program (NFIP) claims data from 2001–2021 to evaluate the cost-effectiveness of acquisition projects for Repetitive Loss (RL) or Severe Repetitive Loss (SRL) properties.

This analysis showed that acquisition projects consisting of RL or SRL properties with an average project cost of less than \$323,000 per structure can be considered cost-effective.¹ This applies for all types of structures regardless of whether the structures are in the SFHA. The implementation of this expanded pre-calculated benefit is intended to make it easier for subapplicants to acquire RL and SRL properties from willing sellers by reducing the administrative burden of applying for HMA grants and streamlining the review process for these projects. This efficiency will qualify more than 33,000 RL and SRL properties outside the SFHA—with an estimated Fair Market Value (FMV) \$323,000 or less—and thereby make them eligible to use the pre-calculated benefits for acquisition.²

¹ Total project costs include all applicable costs outlined in the 2015 Hazard Mitigation Assistance Guidance and its addendum, not just the construction costs or federal share.

² Source: NFIP Insurance Analytics and Policy Branch RL and SRL Claims dataset, retrieved on March 4, 2021. Inflation values as of April 1, 2021. Note that inflation factor was based on calendar year, not fiscal year.

2. Introduction

Statute, regulation, policy, and guidance governing the Hazard Mitigation Assistance (HMA) Programs require that mitigation measures be determined to be cost-effective. Typically, cost-effectiveness is demonstrated through a BCA using the FEMA BCA Toolkit; however, the Federal Emergency Management Agency (FEMA) has developed efficiencies to reduce the administrative and financial burden of BCA development on communities and the federal government. These efforts align with the FEMA 2018–2022 Strategic Plan, which prioritizes three strategic goals as the focus for improvements in agency operations. One of the goals focuses on reducing the complexity of FEMA by promoting simpler, less complex processes to streamline the agency.

This methodology report presents the analysis used to demonstrate cost-effectiveness of RL and SRL structures, regardless of identified flood zone. This will further simplify the grant application process and reduce administrative burden for documenting the cost-effectiveness of structures below a certain cost threshold. The definitions of repetitive loss and severe repetitive loss that were considered in this analysis are summarized below.

Properties designated as RL or SRL, by means of meeting any of these NFIP- or FMA-defined definitions, were included in this analysis and will be eligible for this efficiency. **Structures can use either the NFIP or FMA definitions to establish eligibility to use the efficiency for any HMA grant program.** These definitions do not otherwise apply to these programs.

RL DEFINITIONS

The National Flood Insurance Program (NFIP) defines Repetitive Loss (RL) properties as structures that meet one of the following qualifiers:

- A. Two or more claims of more than \$1,000 paid by NFIP within any rolling 10-year period, since 1978
- B. Two or more claims (building payments only) that, on average, equal or exceed 25 percent of the market value of the property

The Flood Mitigation Assistance (FMA) grant program defines RL properties as structures covered by a contract for flood insurance made available under the NFIP that meet the following two qualifiers:

- A. Has incurred flood-related damage on two occasions, in which the cost of the repair, on average, equaled or exceeded 25 percent of the market value of the structure at the time of each such flood event
- B. At the time of the second incidence of flood-related damage, the contract for flood insurance contains increased cost of compliance coverage

SRL DEFINITIONS

The NFIP defines SRL properties as structures that meet one of the following qualifiers:

- A. Received four or more separate claim payments of more than \$5,000 each (including building and contents payments)
- B. Received two or more separate claim payments (building payments only) where the total of the payments exceeds the current value of the property

FMA defines SRL properties as structures covered by a contract for flood insurance made available under the NFIP that has incurred flood related damage and meet one of the following qualifiers:

- A. Four or more separate claims payments (includes building and contents) have been made under flood insurance coverage with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000
- B. At least two separate claims payments (includes only building) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the insured structure.

3. Determining the RL and SRL Pre-Calculated Benefit Amount

3.1. Data Sources

Properties in the NFIP Insurance Analytics and Policy Branch (IAPB) RL and SRL Claims dataset were evaluated to determine the average benefits from acquiring RL or SRL properties. This dataset was retrieved on March 4, 2021 and consists of 290,000 properties with 737,000 claims dating from 1973 to 2021. This data represents nearly \$40 billion (net present value) dollars in claims payments, when inflated using the Consumer Price Index. This includes information on property type, structure value, flood zone, building and contents claims payments, and several RL and SRL designation columns, which were used to categorize properties.

In addition to the NFIP IAPB RL and SRL Claims dataset, other national datasets were used in this analysis. Information on average lot sizes for single-family homes in the United States was derived from the 2019 American Housing Survey Public Use Microdata. Average household size was derived from U.S. Census data. Finally, the FEMA BCA Toolkit V.6.0 was also used to estimate benefits in these efforts—particularly the Unknown Frequency Calculator methodology, depth damage functions, and default values for residential displacement costs.

3.2. Data Scrubbing

For this analysis, a subset of the full data was selected. This analysis considered single-family homes classified as RL or SRL under either the NFIP or Flood Mitigation Assistance definitions. To remove nonrelevant or possibly erroneous data, properties were filtered based on the criteria in Table 1.

Table 1: Scrubbing Criteria for IAPB RL and SRL Claim Dataset

Scrubbing Criteria	Criteria Rationale
Occupancy other than single family, including properties where the occupancy type changed over time.	Focusing on single-family residences helped limit the complexity of the analysis while building in conservative assumptions about estimated building, contents, and time displaced based upon depth of flooding. Use of this efficiency, however, is not limited to single-family residences.
Properties not designated as either RL or SRL.	This analysis focused specifically on RL and SRL properties.
Properties with building claims greater than \$250,000 from 1994–2021 or with claims greater than \$150,000 from 1973–1993.	Claims payments exceeding NFIP maximum coverage indicate data may be inaccurate.
Properties with individual contents claims greater than \$1 million.	Contents claims greater than \$1 million are potentially erroneous outliers and may indicate data is inaccurate.
Properties with a listed building value less than \$1,000 or greater than \$2 million.	Building value is a key parameter in estimating benefits. Outlier values for single-family homes may be erroneous and skew results.
Properties with a building and contents claim less than \$100.	Claims payments are important for estimating benefits. Total claims of less than \$100 are potentially erroneous.
Properties with a building claim greater than the listed building value.	Single building claim greater than the building value indicates either value may be erroneous.

The scrubbing process resulted in a reduced dataset from 289,762 properties to 182,636, which represents a retention of 63 percent; 38,739 properties (13 percent) were removed from the original dataset because they were not designated as RL or SRL under either the NFIP or FMA definitions. An additional 55,242 properties (19 percent) were removed because they were designated as occupancy types other than single-family residences; 13,145 properties (5 percent) were removed because of missing or inaccurate data. This effort reveals data quality, completeness, and accuracy concerns present in the dataset that may limit the usability and reliability of conclusions gleaned from this dataset. It is recommended that FEMA consider approaches that improve data capturing and entry processes to instill confidence in both the data and relative analyses. Assuredness in data

accuracy can heighten confidence in future analyses, accurately represent the status of HMA programs, and yield solutions that closely align with program needs.

3.3. Claims Data Inflation

NFIP Claims for all fiscal years were inflated to 2021 net present value using the U.S. Bureau of Labor and Statistics Consumer Price Index (CPI). The property’s building value was also inflated using CPI based on the date of the last (most recent) claim. The CPI includes an inflation calculator that escalates costs from a given historical year to present value. The inclusion of this step in the data analysis process was essential, as the policy OMB Circular A-94 requires that costs and benefits must be computed on a net present value basis when demonstrating cost-effectiveness.

To demonstrate that a project is cost-effective, the benefits must be greater than or equal to the costs. This analysis estimates the total benefits of acquiring a property as Total Damages Avoided by Mitigation (Building Damage + Contents Damage + Displacement Costs + Social Benefits + Ecosystem Services) in alignment with current BCA guidance for acquisitions.

3.3.1. ESTIMATING TOTAL DAMAGES:

Information directly present in the claims data was used whenever possible, with estimated damages added based upon building damages for both content damages (when not already included) and displacement costs (for all claims). These estimates were calculated using Depth Damage Function (DDF) tables. This allowed for use of estimated total damages, defined as:

$$\textit{Total Damages} = \textit{Building Damages} + \textit{Content Damages} + \textit{Displacement Costs}$$

DDF tables provide damage estimates for building, contents, and time displaced based on the depth of water flooding a building and the building characteristics. The U.S. Army Corps of Engineers (USACE) 1-Story No Basement DDF was used for all properties to conservatively estimate damages for all single-family homes. The proportion of building claim amount to building value (adjusted for inflation) was matched to the corresponding water depth. This water depth was used to estimate the contents damage as a percent of building value and the days of displacement. Days of displacement were multiplied by \$240, the national daily default cost estimates of lodging and meals per household from the U.S. General Services Administration (GSA) national per diem rate shown in the following equation (BCA Toolkit).

$$\textit{Displacement Cost Per Day} = \textit{Lodging} + \textit{Meals} - \textit{Cost of Meals at Home}$$

$$\$96 \text{ for lodging} + (3 \text{ people per household}) * (\$55 \text{ for meals} - \$7 \text{ cost of meals at home}) = \$240^3$$

³ Lodging and Meals costs are based on GSA national per diem rates for fiscal year 2022, as included in the current version of the BCA Toolkit. The average people per household is based on family and household data from the U.S. Census Bureau (Census 2020).

3.3.2. ANNUALIZING DAMAGES

Total damages from claims were converted to annualized damages for each property. To assist with estimating the annualized damages, recurrence intervals for the historical flood insurance claims were calculated using the Unknown Frequency Calculator feature that calculates a recurrence interval from the unknown-frequency events. The analysis duration is the window of time through which the model looks at the frequency of events, therefore an analysis duration was needed for this conversion. The dataset did not provide information on dates of construction, years of participation in the NFIP, or years of demolition and removal where applicable. Thus, the analysis duration had to be estimated. Four different durations of analysis were considered:

- Date of first claim to the date of last claim
 - *Inherently underestimates true analysis duration*
- Date of first claim in community to present day
 - *Likely overestimates true analysis duration by including years prior to building construction and could include years after building was mitigated or demolished (where applicable)*
- 40-year analysis duration
 - *Inherently overestimates true analysis duration for any properties not enrolled in the NFIP since inception*
- Date of first claim to present day
 - *Inherently underestimates the true beginning of the analysis duration and likely overestimates the true analysis duration end*
 - *As shown in Figure 1, this method produces a mid-size analysis duration compared to the other methods considered, ensuring the best relative accuracy*

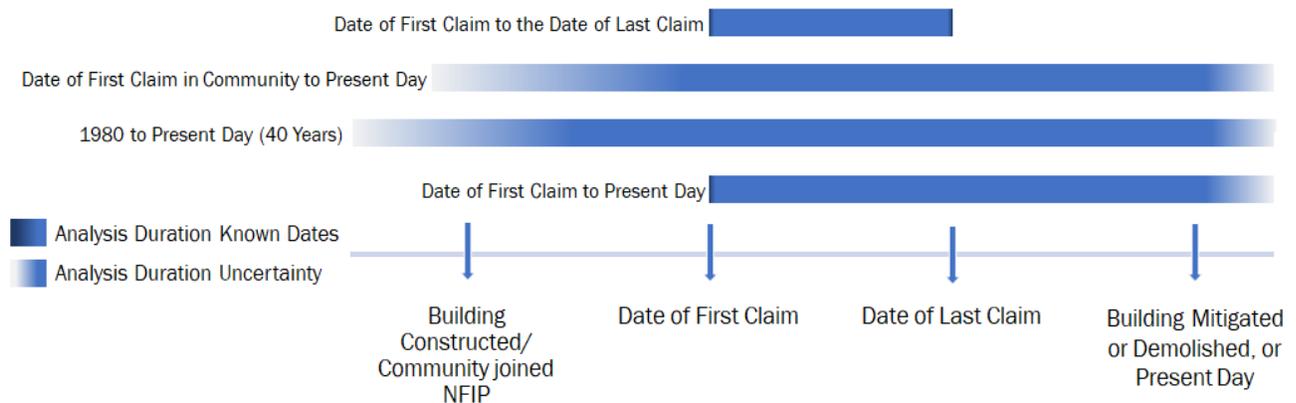


Figure 1: Analysis Duration Estimation Methods

The “Date of First Claim to Present Day” method was selected as the preferred option and used for this methodology. As shown in Figure 1, this method produces a mid-size analysis duration compared to the other methods considered, ensuring the best relative accuracy. Properties with an

analysis duration of less than 10 years were increased to 10 years, as this is the minimum analysis duration required in the BCA Toolkit Unknown Frequency Calculator methodology.

For properties with three or more claims, annualized damages were calculated using the FEMA BCA Toolkit V.6.0 Unknown Frequency Calculator leveraging the Batch Upload Tool. Inputting claims, the estimated analysis duration, and a 100-year project useful life provided the total standard mitigation benefits. These were converted to an annual dollar amount using the present value function, assuming a 7-percent annual discount rate:

$$Present\ Value = \frac{1 - (1 + 7\%)^{100}}{7\%} * Annualized\ Value$$

Since FEMA’s Unknown Frequency Calculator requires at least three historical damage events, annualized damages were calculated for properties with only two claims using the Damage-Frequency Assessment (Limited Data Module/Unknown Frequency Determination) Methodology Report published by FEMA (BCAR 2009). This report outlines a separate method for producing annualized results from the FEMA Unknown Frequency Calculator. To determine the usefulness of this method, properties with three or more claims were annualized, and compared to the results of the Unknown Frequency Calculator. The average annualized damages from the method were 6 percent lower than the Unknown Frequency Calculator. Because estimated damages were similar and lower than those of the batch tool, the method was considered sufficiently accurate and conservative.

3.3.3. CALCULATING BENEFITS

Ecosystem services for the open space associated with acquisition project were calculated based on the average size of property converted to green space. Average property size was determined off 2019 American Housing Survey (AHS) Public Use Microdata filtered for only single-family homes (AHS 2019). This data provided LOTSIZE ranges, shown in Table 2, which were converted to the mean acre sizes per category. This involved first taking the mean acreage for each lot size by averaging the upper and lower bound within each category. Since there is no upper bound on LOTSIZE 7, a conservative approach of using the lower bound itself was selected. Based on the number of properties in each AHS category, a weighted average lot size was calculated. Using this method, the average single-family house lot was estimated to be 1.09 acre. To be conservative, an estimated lot size of 1 acre was used in this analysis.

Table 2: LOTSIZE Categories and Associated Acreage

LOTSIZE	Lot Size Range	Acres Estimate (Averaging Upper and Lower Bound per Category)	Number of Properties in Each Lot Size Category
1	0 – 1/8 acre	0.0625	6,673
2	1/8 – 1/4 acre	0.1875	14,672

LOTSIZE	Lot Size Range	Acres Estimate (Averaging Upper and Lower Bound per Category)	Number of Properties in Each Lot Size Category
3	1/4 – 1/2 acre	0.375	7,328
4	1/2 – 1 acre	0.75	3,310
5	1 – 5 acres	3	4,663
6	5 – 10 acres	7.5	850
7	10 + acre	10*	1,370
-6	No Information	removed	1,676
Average Single-Family Lot Size:		1.0925 Acres	

*Note: For LOTSIZE 7, the lower bound was used to ensure results were not overestimated.

$$\text{Ecosystem Service Benefits} = \$8,308 \text{ per acre} * 1 \text{ acre} = \$8,308 \text{ (BCA Toolkit)}$$

Social benefits were calculated based on the estimated number of occupants and employees. The average number of occupants for single-family homes is estimated to be 3 people and 1.5 employees, based on Census data for family sizes and household sizes (Census 2020).

$$\text{Social Benefits} = \$2,443 * 3 \text{ people} + \$8,736 * 1.5 \text{ employees} = \$20,433 \text{ (BCA Toolkit)}$$

The total benefits of acquiring a property were estimated by combining the cost of damages avoided, ecosystem service benefits (annualized), and social benefits (applied once) (BCA Toolkit). Annualized costs were converted to present value using a conversion factor of 14.27 based on a 7-percent discount rate and 100-year project useful life. This was calculated with the following equation:

$$\text{Total Benefits} = (\text{Annualized Damages} \$ + \$8,308) * 14.27 + \$20,433$$

For an acquisition to be considered cost-effective, the acquisition cost must be less than or equal to the acquisition benefits. Thus, total benefits represent the maximum acquisition cost of the property.

4. Selecting an RL and SRL Pre-Calculated Purchase Threshold

4.1.1. SELECTING A DATE RANGE FOR ANALYSIS

While the NFIP IAPB RL and SRL Claims dataset includes claims data as far back as 1973, a shorter analysis period was selected to help capture changing conditions as flood events become more frequent, severe, and widespread.

Several periods were considered for this analysis. The full NFIP claims dataset encompasses claims from 1973 to 2021, but earlier data fails to account for programmatic and environmental changes. An analysis period that started in 1995 was considered, as the allowable NFIP maximum building coverage increased from \$150,000 to \$250,000 in 1994. Using a period from 2001 to 2021 was also considered, as this best accounts for changing environmental conditions. Figure 2 compares results from these periods of analysis.

Since more recent data may better reflect upcoming conditions and are likely more accurate and reliable (as this section retained more entries through the scrubbing process), the last 20 years (2001 to 2021) were selected as the analysis period. Using the last 20 years of claims data, the analysis finds that acquisition projects of any RL or SRL property up to \$323,000⁴ could be allowed while keeping the program cost-effective.

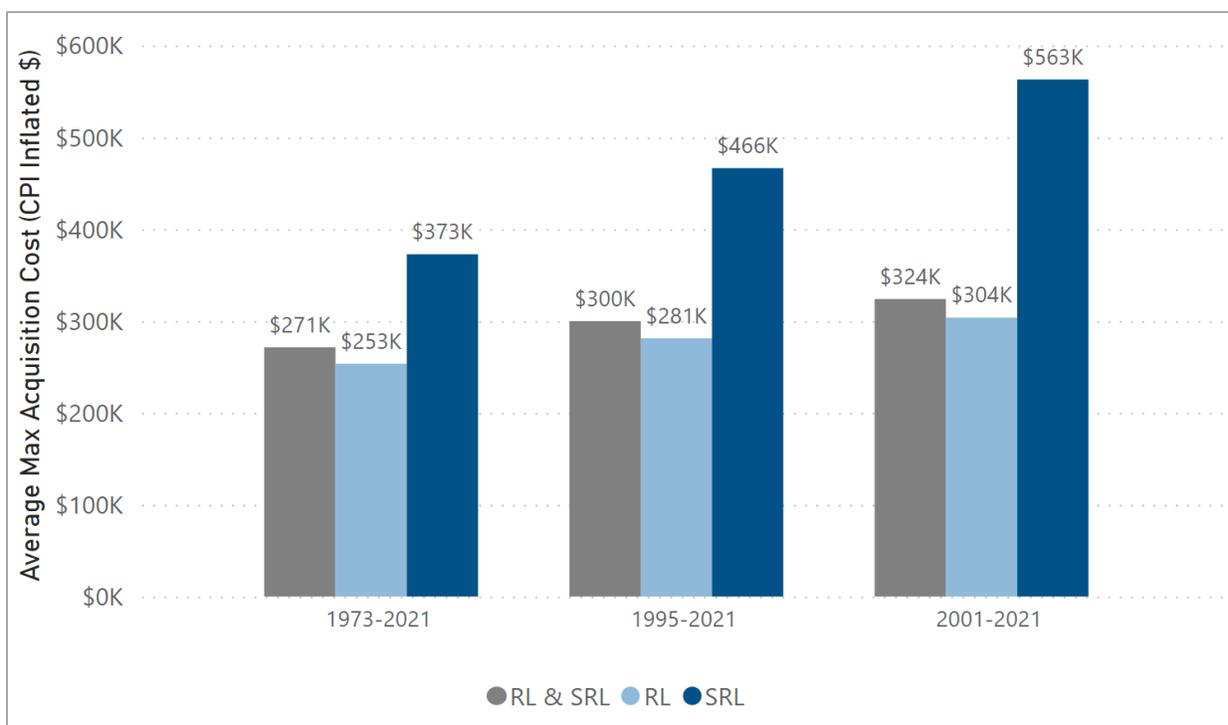


Figure 2: Average Max Acquisition Costs for RL and SRL Properties

4.1.2. EVALUATING CLAIMS THRESHOLDS

In addition to focusing the analysis on claims data from different time periods, FEMA also considered establishing maximum acquisition costs tied to the presence of at least one claim at or above set thresholds. Setting these thresholds would increase the maximum allowable acquisition cost by excluding properties with less costly damages from the analysis and eligibility. Table 3 shows the percentage of properties at or above given thresholds, and their associated average maximum

⁴ The analysis found an exact threshold of \$323,952, which was rounded down to the established \$323,000 threshold.

acquisition costs. Similarly, FEMA also assessed the use of establishing maximum acquisition costs tied to the presence of multiple claims at or above set thresholds. Table 4 shows results of an analysis of cost limits that could be established based on the presence of at least two claims at or above set thresholds.

At present, FEMA will establish a single maximum acquisition cost for RL and SRL properties without any additional claim thresholds, thereby expanding the existing pre-calculated benefit for acquisition projects in the SFHA to any RL and SRL properties. This change can be implemented swiftly, leveraging the existing pre-calculated benefit requirements, application materials, and review processes while minimizing the administrative burden on applicants and expanding the pool of eligible properties substantially.

Table 3: Maximum Acquisition Costs – Single-Claim Threshold (2001–2021)

At Least 1 Building & Contents Claim Threshold	RL&SRL Average Max Acquisition Cost	% RL&SRL above Threshold	RL Average Max Acquisition Cost	% RL above Threshold	SRL Average Max Acquisition Cost	% SRL above Threshold
\$0	\$323,952	100%	\$303,725	100%	\$562,893	100%
\$10,000	\$346,551	88%	\$325,439	87%	\$564,852	99%
\$12,000	\$353,687	84%	\$332,289	83%	\$566,752	99%
\$14,000	\$360,689	81%	\$339,012	80%	\$568,825	98%
\$16,000	\$367,188	78%	\$345,239	77%	\$571,501	97%
\$18,000	\$373,541	75%	\$351,348	74%	\$573,913	96%
\$20,000	\$379,355	73%	\$356,939	71%	\$576,551	95%
\$25,000	\$393,576	68%	\$370,553	65%	\$584,787	93%
\$30,000	\$406,012	63%	\$382,369	61%	\$594,084	90%
\$35,000	\$418,093	59%	\$393,863	56%	\$603,761	87%
\$40,000	\$429,999	55%	\$405,089	52%	\$613,738	84%
\$45,000	\$440,879	51%	\$415,285	49%	\$624,667	81%
\$50,000	\$451,472	48%	\$425,262	46%	\$633,981	78%
\$60,000	\$471,439	43%	\$443,970	40%	\$654,657	71%
\$70,000	\$491,742	37%	\$462,927	35%	\$675,911	65%
\$80,000	\$512,124	33%	\$481,966	30%	\$695,180	59%

Table 4: Maximum Acquisition – Two-Claim Threshold (2001–2021)

At Least 2 Building & Contents Claims Threshold	RL&SRL Average Max Acquisition Cost	% RL&SRL above Threshold	RL Average Max Acquisition Cost	% RL above Threshold	SRL Average Max Acquisition Cost	% SRL above Threshold
\$0	\$323,952	100%	\$303,725	100%	\$562,893	100%
\$4,000	\$346,454	83%	\$323,965	81%	\$564,097	99%
\$5,000	\$354,312	78%	\$331,089	76%	\$564,893	99%
\$6,000	\$362,367	73%	\$338,366	71%	\$565,873	98%
\$8,000	\$377,996	65%	\$352,677	62%	\$567,854	97%
\$10,000	\$393,251	58%	\$366,664	55%	\$571,983	96%
\$12,000	\$406,814	52%	\$379,079	49%	\$576,957	94%
\$14,000	\$418,741	48%	\$389,980	44%	\$582,220	92%
\$16,000	\$429,972	44%	\$400,202	41%	\$588,674	90%
\$18,000	\$440,409	41%	\$409,615	37%	\$596,186	87%
\$20,000	\$449,825	39%	\$418,053	35%	\$603,310	85%
\$25,000	\$471,870	33%	\$438,022	29%	\$620,209	79%
\$30,000	\$491,422	29%	\$455,519	25%	\$636,345	74%
\$40,000	\$528,811	23%	\$488,731	19%	\$670,239	64%
\$50,000	\$563,239	18%	\$519,241	15%	\$704,789	55%

5. Implementation of the RL and SRL Acquisition BCA Efficiency

The RL and SRL Acquisition BCA efficiency is intended to further streamline the HMA Grant application process as well as reduce the complexity of the grant review process to provide funding to subapplicants in a timely manner, thus building on the success of the existing pre-calculated benefit for acquisitions in the SFHA. The RL and SRL Acquisition BCA efficiency is intended for projects that:

- Seek to acquire property and either demolish or relocate structures⁵ that meet either FMA or NFIP definitions of either RL or SRL for the purpose of creating open space

⁵ This RL and SRL Acquisition BCA efficiency is available to any RL or SRL structures regardless of the building type.

- Comply with Title 44 of the Code of Federal Regulations (CFR) Part 80 and FEMA’s 2015 Hazard Mitigation Assistance Guidance (or current version)
- Have an average total project cost⁶ of \$323,000 per structure or less
 - The average total project cost threshold may be adjusted by using the most current location factors included in industry-accepted construction cost guides. If a multiplier is used, documentation of at least two historic claims equal to the sum of \$1,000 x the location factor used within a 10-year period must be provided to support cost effectiveness justification. Further, if a multiplier is used, a copy of the source document must be included as part of the grant application.

This efficiency will open the use of pre-calculated benefits to over 33,000 RL and SRL properties outside of the SFHA with estimated net present values of \$323,000 or less (not counting those additional properties that may be eligible with the use of location factor cost adjustments).

This efficiency does not:

- Provide a basis to estimate project costs
- Revoke or change eligibility of properties in the SFHA to use the existing pre-calculated benefit for acquisitions
- Negate the requirement that costs must be reviewed and deemed reasonable compared to the project scope of work
- Impact the total available funding for HMA Programs

6. Updating the RL and SRL Efficiency

The RL and SRL Acquisition Efficiency is based on historical data and inflation factors used to adjust costs to net present value at the time of this analysis (November 2021). Therefore, the RL and SRL Acquisition Efficiency will be reevaluated on a regular basis to verify that the maximum acquisition cost threshold is representative of expected benefits. The RL and SRL Acquisition Efficiency may be updated by:

- Reapplying the inflation factors to update net present values of benefits, and updating the ecosystem services and social benefits amounts if those standard values are updated
- Repeating the analysis process outlined in this report using an updated NFIP IAPB RL and SRL Claims dataset

⁶ Total project costs include all applicable costs outlined in the 2015 Hazard Mitigation Assistance Guidance and its addendum, not just the construction costs or federal share.

- Instituting increased maximum acquisition cost thresholds tied to property-specific claim history

7. Conclusion

FEMA has recently prioritized efforts to reduce the complexity of the agency to provide more efficient, streamlined processes for those impacted by disasters. As such, FIMA has sought efforts to improve the HMA grant application process, including BCAs, while still establishing and demonstrating cost-effectiveness within HMA programs. FIMA recognizes that the process of developing and reviewing BCAs can represent an administrative and financial burden on communities, the federal government, and the taxpayer.

FIMA conducted an analysis of historic NFIP data to evaluate the cost-effectiveness of acquisition projects RL and SRL properties using annualized benefit estimates. This analysis showed that acquisition projects of RL or SRL properties with a cost less than \$323,000 can be considered cost-effective if they meet the requirements outlined in the existing precalculated benefit for acquisition projects regardless of whether the property is in the SFHA.

The implementation of this expanded pre-calculated benefit will make it easier to develop, submit, and review RL and SRL property acquisition applications by removing the requirement to demonstrate cost-effectiveness. This will reduce the administrative burden for applicants and FEMA and streamline the review process for these projects. This efficiency makes more than 33,000 RL and SRL properties outside of the SFHA that have an estimated Fair Market Value in 2021 dollars of \$323,000 or less eligible to use precalculated benefits for acquisition.

The implementation of this RL and SRL Acquisition Efficiency is intended to improve stewardship of the federal taxpayer dollar by streamlining the HMA grant application process and bolstering mitigation efforts for communities, especially those with high-risk and limited resources.

If you have any questions, please contact the BCA Helpline. The BCA Helpline contact information can be found on FEMA’s Benefit-Cost Analysis website on FEMA.gov, available at <https://www.fema.gov/grants/guidance-tools/benefit-cost-analysis>.

8. References

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