

Water for Texas

Severe Repetitive Loss Grant Program

The Severe Repetitive Loss grant program, under the Federal Emergency Management Agency's Hazard Mitigation Assistance Grant Program, provides federal funding to assist states and communities in implementing mitigation measures to reduce or eliminate the long-term risk of flood damage to severe repetitive loss residential structures insured under the National Flood Insurance Program. The Severe Repetitive Loss program was created as part of the National Flood Insurance Reform Act of 2004 (42 United States Code 4030) with the goal of reducing or eliminating claims under the National Flood Insurance Program. The Texas Water Development Board administers the Severe Repetitive Loss grant program for the State of Texas on behalf of the Federal Emergency Management Agency.

Severe Repetitive Loss Properties

Severe Repetitive Loss properties are defined as single or multifamily residential properties that are covered under a National Flood Insurance Program flood insurance policy and

- ▶ that have incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents) exceeding \$5,000 and with the cumulative amount of such claims payments exceeding \$20,000; or
- ▶ for which at least two separate claim payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim.

Eligible Activities

Funds can be used for

- ▶ acquisition and demolition or relocation of residential structures;
- ▶ elevation of existing residential structures;
- ▶ mitigation reconstruction of residential structures (only when traditional elevation cannot be implemented);
- ▶ minor localized flood reduction projects; and
- ▶ dry flood proofing (historic residential properties only).

Applicant Eligibility

Any political subdivision, including any Indian or authorized tribal or native organization, that has zoning and building code jurisdiction over a particular area having special flood hazards, and that is participating in the National Flood Insurance Program, is eligible to apply for a Severe Repetitive Loss grant. A community applying for a grant must have an approved Multi-Hazard Mitigation Plan in accordance with the 44 Code of Federal Regulations § 201.6.

Project Grant Eligibility Criteria

A project must, at a minimum, be

- ▶ feasible and effective at mitigating flood hazards within a participating National Flood Insurance Program community;
- ▶ cost beneficial to the National Flood Insurance Fund (benefit-cost ratio must yield 1.0 or greater);

- ▶ protecting structures insured by the National Flood Insurance Program; for minor localized flood reduction projects, 50 percent of those structures must be insured by the National Flood Insurance Program and primarily benefit Severe Repetitive Loss structures.
- ▶ in accordance with the Environmental Planning and Historical Preservation requirements, and in accordance with Hazard Mitigation Assistance Unified Guidance (<http://www.fema.gov>); and
- ▶ able to show completion and documentation of the property owner consultation process.

A project must conform with

- ▶ the minimum standards of the National Flood Insurance Program floodplain management regulations;
- ▶ the applicant's Multi-Hazard Mitigation Plan; and
- ▶ all applicable laws and regulations, such as federal and state environmental standards and local building codes.

Severe Repetitive Loss Consultation Process

The consultation process is a requirement for submission of an application for a Severe Repetitive Loss project. 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, to advise the property owner that the applicant may include his or her property in the Severe Repetitive Loss application, and also to advise the property owner that there are potential consequences to declining a mitigation offer. Property owners who decline offers of mitigation assistance will be subject to increases to their National Flood Insurance Program flood insurance premium rates, unless an appeal is granted by the Federal Emergency Management Agency.

Multi-Hazard Mitigation Plans

An approved Multi-Hazard Mitigation Plan (Mitigation Plan), whether covering a single or multiple jurisdictions, is required for a community to be eligible to apply for a Severe Repetitive Loss project grant. The Mitigation Plan is submitted to the Federal Emergency Management Agency for approval through the Texas Division of Emergency Management. The Mitigation Plan must assess flood risk and identify technically feasible and cost-effective options to reduce that risk. The Mitigation Plan must describe the planning process and public involvement during the planning process in developing the Mitigation Plan and must provide proper documentation of its formal adoption by the jurisdiction. For more information regarding the Multi-Hazard Mitigation Plan, please visit the following links: <http://www.txdps.state.tx.us/dem/documents/txHazMitPlan.pdf> and <http://www.fema.gov/plan/mitplanning/index.shtm>.

Benefit-Cost Analysis

A benefit-cost analysis is a well-established method for quantitatively comparing the benefits and costs of mitigation projects. The end result is a benefit-cost ratio, which is derived from a project's total net present value of benefits divided by the total project cost. Only projects having a ratio of 1.0 or greater will be considered. Applicants must use the Federal Emergency Management Agency-approved benefit-cost analysis software to conduct their analyses. For information on the software, visit the following link: <http://www.bchelpline.com>.

Cost-Share

The Federal Emergency Management Agency may contribute as much as 90 percent of the total eligible costs. At least 10 percent of the total eligible costs must be provided by a non-federal source. Mitigation Reconstruction projects are limited to a federal share of \$150,000 per property. Increased Cost of Compliance funds (available to property owners through coverage under the National Flood Insurance Program) can be used to help meet the local share requirements.

For information on how to apply for a Severe Repetitive Loss grant through the Federal Emergency Management Agency's electronic grants system, contact

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