MITIGATING FACTORS IN RELOCATION

Mitigating Factors	Affected Agency	Current Federal Policy	Midwest Flood Policy
• Identifying characteristics of floodplain properties:			
Low/moderate income housing issues			
Renter/owner occupied housing issues			
Commercial/industrial property issues			
Business lease/owned property issues			
• Affordability and incentive issues for voluntary relocation			
• Eminent domain/condemnation options			
• Resource availability for relocation:			
Financial issues			
Human resource issues			
Materials issues			
Timing issues			
Land resource issues			
Information needs			

STEPS IN RELOCATION

DECISION MAKING PROCESS

BROAD FEDERAL RESOURCES AVAILABLE (by Agency)

Public Process	Technical Support Process	FEMA	AG	HUD	DOC	LABOR
1. Idea/concept	Development planning and technical assistance					
2. Preliminary information gathering	Data collection, analysis and preliminary assessment report for potential and buyouts					
3. Presentation to City Officials	Review report needs/ priorities					
4. Public Hearing "Town Hall" Process	Revision of report needs/ priorities					
5. Detailed information gathering	Appraisals, engineering design siting and surveys for residential and public infrastructure					
6. Follow-up City/Public Discussion	Design/cost revisions					
7. Decision to relocate	Legal, financial, procurement and contract, construction implementation activity.					

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

September 17, 1993

MEMORANDUM FOR: THE DIRECTOR OF FEDERAL EMERGENCY MANAGEMENT AGENCY
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF INTERIOR
THE SECRETARY OF VETERANS AFFAIRS
THE ADMINISTRATOR OF SMALL BUSINESS ADMINISTRATION
THE ACTING ASSISTANT SECRETARY OF THE ARMY (CIVIL)

FROM: Leon E. Panetta /S/
Director

SUBJECT: Meeting Wednesday, September 22, 1993, to Discuss Floodplain Relocation Issues

Please designate a senior policy official from your agency to participate in a discussion of floodplain relocation issues affecting States affected by the Midwest Floods on Wednesday, September 22, 1993, from 1:00 p.m. - 2:00 p.m. in Room 248 of the Old Executive Office Building.

The discussion will focus on two primary issues: (1) an innovative proposal developed by FEMA and the State of Kansas, to relocate individuals and families residing in floodplains, whose homes have been severely damaged, and (2) a legislative proposal introduced by Representative Volkmer of Missouri to promote greater participation in relocation efforts by encouraging an expansion of the FEMA Hazard Mitigation grant program. Both of these proposals are attached for your review.

Thank you in advance for your cooperation. Please contact Mr. Richard Krimm, Acting Associate Director for State and Local Program Support at FEMA (646-3692), concerning specific questions on either of these proposals. You may also contact Mr. Kevin Neyland (395-3703) or Mr. Chris Heiser (395-4610) of OMB concerning other questions you may have about the meeting.

Attachments

103D CONGRESS
1ST SESSION

H. R. 3012

To provide relocation assistance in connection with flooding in the Midwest, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1993

Mr. VOLKMER (for himself, Mr. SKELTON, Mr. GEPHARDT, Mr. CLAY, Mr. WHEAT, and Ms. DANNER) introduced the following bill; which was referred to the Committee on Public Works and Transportation

---

A BILL

To provide relocation assistance in connection with flooding in the Midwest, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Comprehensive Cost Effective Relocation Act of 1993".

SEC. 2. HAZARD MITIGATION.

(a) FEDERAL SHARE.—Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170c) is amended by striking "50 percent" and inserting "75 percent".

(b) TOTAL CONTRIBUTIONS.—Section 404 of such Act is further amended by striking "10 percent" and inserting "15 percent".

(c) APPLICABILITY.—The amendments made by this section shall apply to any major disaster declared on or after June 10, 1993.

SEC. 3. RELOCATION ASSISTANCE IN CONNECTION WITH MIDWEST FLOODING.

(a) INCREASE IN FEDERAL SHARE.—In providing hazard mitigation assistance under section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act in connection with flooding in the Midwest occurring in the 1-year period beginning on April 13, 1993, the President, acting through the Director of the Federal Emergency Management Agency, may contribute 90 percent of the cost of relocation projects which meet the requirements of subsection (b).

(b) TERMS AND CONDITIONS.—A relocation project shall be eligible for funding under subsection (a) only if—

(1) the recipient of such funding is an eligible applicant under the Hazard Mitigation Grant Program established under section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act;

(2) the recipient of such funding enters into an agreement with the Director of the Federal Emergency Management Agency under which the recipient provides assurances that—

(A) properties acquired under the project will be dedicated in perpetuity to uses which are compatible with accepted flood plain management practices; and

(B) new structures will not be erected on the flood plain other than (i) public facilities which are open on all sides and functionally related to a designated open space, (ii) rest rooms, and (iii) structures which are approved prior to construction in writing by the Director; and

(3) the recipient of such funding demonstrates that relocation assistance is unavailable from other sources.

(c) FUNDING.—For the purpose of funding relocation projects under subsection (a), the Director of the Federal Emergency Management Agency is authorized to waive the limitation on total contributions for hazard mitigation measures established by section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended by this Act, except that in no case may such contributions exceed 10 percent of the estimated total amount of Federal disaster assistance to be provided under such Act in connection with flooding described in subsection (a).

○

THE FINNEY PLAN
STATE OF KANSAS

BUY OUTS IN THE MIDWEST
MITIGATION IN THE FLOODPLAIN

AUGUST 1993

THE FINNEY PLAN
STATE OF KANSAS

CURRENT OPTIONS FOR THE HOMEOWNER
(SUBSTANTIALLY DAMAGED HOME IN THE 100 YEAR FLOODPLAIN)

1. CONTINUE TO PAY MORTGAGE ON NON-REPAIRED HOME

2. ELEVATE HOME (IN SOME CASES 8-10 FEET)

3. DEFAULT ON MORTGAGE

THE FINNEY PLAN
STATE OF KANSAS

FIVE PHASES:

1. BUY OUT SUBSTANTIALLY DAMAGED HOMES IN THE 100 YEAR FLOODPLAIN (VOLUNTARY ONLY) USE HAZARD MITIGATION/CDBG FUNDS

2. REZONE FOR NON-RESIDENTIAL OR COMMERCIAL USE; OPEN SPACE OR RECREATION

3. ASSIST IN RELOCATION

4. DEMOLISH STRUCTURE; REMOVE DEBRIS; SEED OVER PROPERTY; USE FEMA PUBLIC ASSISTANCE FUNDS (75/25)

5. DEVELOP RECREATION/PARK APPLICATION IN CONJUNCTION WITH KANSAS DEPARTMENT OF WILDLIFE AND PARKS (USING U.S. DEPARTMENT OF INTERIOR FUNDS)

THE FINNEY PLAN
STATE OF KANSAS

MAJOR ELEMENTS:

- **ESTABLISH BUY OUT POOL USING FEMA HAZARD MITIGATION AND CDBG FUNDS**
- **USE POOL FUNDS TO PROVIDE EQUITY TO HOMEOWNER**
- **USE INSURANCE REPAIR CHECKS TO BUY DOWN MORTGAGE**
- **WHERE THE MORTGAGE IS GUARANTEED BY A FEDERAL AGENCY (FHA, FARMER HOME, VA, SBA, OR RTC) HAVE THE AGENCY FORGIVE THE BALANCE OF THE NOTE**
- **WHERE NO FEDERAL AGENCY HAS GUARANTEED THE NOTE; USE POOL FUNDS (IF THE BANK WILL NOT FORGIVE THE BALANCE). IF THE BANK FORGIVES HALF THE REMAINING BALANCE, THIS CAN BE USED TO MATCH THE 50/50 HAZARD MITIGATION FUNDS FOR BUY OUT.**

THE FINNEY PLAN
STATE OF KANSAS

MAJOR ELEMENTS CONT'D

- **FEMA's I/A PROGRAM WILL WORK WITH HOMEOWNER TO FIND SUITABLE REPLACEMENT PROPERTY; PROVIDE IFG FUNDS**
- **IF NO BALANCE IS OWED ON MORTGAGE; INSURANCE REPAIR CHECK TOTAL WILL BE DEDUCTED FROM FAIR MARKET VALUE OF HOME FOR BUY OUT**
- **PARKS AND WILDLIFE GRANTS ARE 50/50 MATCHING. VALUE OF LAND CAN BE USED TO MATCH FEDERAL FUNDS; ONCE REZONING IS COMPLETE LAND WILL BE DEEDED TO CITY OR COUNTY.**

THE FINNEY PLAN
STATE OF KANSAS

EXTRAORDINARY TIMES REQUIRE EXTRAORDINARY SOLUTIONS

NEEDS:

1. **HEADQUARTER ENDORSEMENTS FROM HOUSING & URBAN DEVELOPMENT (FHA), VETERANS ADMINISTRATION, SMALL BUSINESS ADMINISTRATION, RESOLUTION TRUST CORPORATION, FARMERS HOME ADMINISTRATION.**

2. **GOVERNOR'S SELECTION OF BUY-OUT AS NUMBER ONE HAZARD MITIGATION PRIORITY.**

3. **COOPERATION WITH PRIVATE LENDING INSTITUTIONS.**

LRM #I-1299

RESPONSE TO LEGISLATIVE REFERRAL MEMORANDUM

If your response to this request for views is **simple** (e.g., concur/no comment) we prefer that you respond by **faxing** us this response sheet. If the response is **simple** and you prefer to call, please **call the branch-wide line** shown below (NOT the analyst's line) to leave a message with a secretary.

You may **also respond** by (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); (2) sending us a memo or letter; or (3) if you are an OASIS user in the Executive Office of the President, sending an E-mail message. Please **include** the LRM number shown above, and the **subject** shown below.

TO: Jeffrey WEINBERG
Office of Management and Budget
Fax Number: (202) 395-3109
Analyst/Attorney's Direct Number: (202) 395-3457
Branch-Wide Line (to reach secretary): (202) 395-3454

FROM:
9.21.93 (Date)
Kathryn Way (Name)
DPC (Agency)
456.7777 (Telephone)

SUBJECT: OMB Request for Views RE: HR 3012, Comprehensive Cost Effective Relocation Act

The following is the response of our agency to your request for views on the above-captioned subject:

__✓__ Concur

____ No objection

____ No comment

____ See proposed edits on pages ______

____ Other: ______

____ FAX RETURN of ____ pages, attached to this response sheet

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503

September 20, 1993

LEGISLATIVE REFERRAL MEMORANDUM

LRM #I-1299

TO: Legislative Liaison Officer -

AGRICULTURE - Marvin Shapiro - (202)720-1516 - 312
COMMERCE - Michael A. Levitt - (202)482-3086 - 324
INTERIOR - Danny Consenstein - (202)208-6706 - 329
JUSTICE - Sheila F. Anthony - (202)514-2141 - 217
HUD - Edward J. Murphy, Jr. - (202)708-1793 - 215
VA - Robert Coy - (202)535-8113 - 229
CORPS ENGINEERS - Susan Bond - (202)272-0030 - 239
ARMY CivilWorks - Morgan Rees - (703)695-1370 - 205
FEMA - Spence W. Perry - (202)646-4105 - 327
CEA - Francine Obermiller - (202)395-5036 - 212
NEC - Sonia Mathews - (202)456-6722 - 429
SBA - Christine Swedin - (202)205-6702 - 315

FROM: JAMES J. JUKES (for) JL
Assistant Director for Legislative Reference

OMB CONTACT: Jeffrey WEINBERG (395-3457)
Secretary's line (for simple responses): 395-3454

SUBJECT: OMB Request for Views RE: HR 3012, Comprehensive Cost Effective Relocation Act

DEADLINE: 5PM September 21, 1993

COMMENTS: Please provide your views by the deadline so that they can be considered at an interagency meeting on this subject on Wednesday September 22nd. Please supply views on HR 3012 and the Kansas plan, which are enclosed.

OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

Please advise us if this item will affect direct spending or receipts for purposes of the the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

CC:
Howard Paster
C. Walden
Katie McGinty
Ken Ryder
Steve Redburn
Chris Heiser
Kevin Neyland

September 20, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Kathi Way

SUBJECT: Midwest Flood Response

ACTION FORCING EVENT: Current analysis of damage in the midwestern states indicates only Missouri will reach the $64 per capita damage level and, thereby, qualify for the 90/10 matching rate for public assistance costs. The unusual nature of this disaster, both the widespread impact and long duration, suggests that perhaps a different standard should be used to consider Federal assistance.

BACKGROUND/ANALYSIS: The impact of the midwest flooding has been felt in nine states. 500 counties have been designated for Individual Assistance, Public Assistance or both. Over 100,000 people have registered for assistance and approximately 45,000 people have been determined eligible for temporary housing assistance. The initial feedback to our response to the disaster was very positive. The Department of Agriculture and FEMA have worked hard to ensure the emergency situation received quick response. We need to carry that strong position through the recovery phase. At your direction FEMA, OMB, and AG have worked to develop options for strengthening our efforts to the states and local communities as they work towards recovery.

RECOMMENDATION: OMB, AG, and FEMA have suggested an alternative criteria be added to current waiver policy that would enable states to participate in the reduced match rate. Under this scenario, states receiving a disaster declaration at approximately the same time as a result of the same or similar events (tornadoes, excessive rain, or hurricanes), if unable to meet the $64 per capita qualifying threshold, may receive cost share adjustments if the broader range of costs associated with the disaster are of significant consequence to the national economy. The threshold would be reached when the costs associated with the disaster reach .10 percent of the country's gross domestic product. Using this measure, the total Federal and non-Federal damages from this flood are estimated to be $7.6 billion or .12 percent of GDP. Each of the nine states involved in the midwest flooding would be eligible to receive a 90/10 match rate for costs associated with public assistance. Attached is a chart prepared by OMB that shows loss as a percent of GDP in percentage terms for other recent disasters.

This change is policy will be well received in the flood region. By making this announcement personally, the people in the midwest will be reminded of your continuing concern for their difficult circumstance.

DRAFT

Determining Eligibility of FEMA Cost Share Adjustments
Preliminary Estimate of Economic Loss as Share of GDP
($ in millions)

		Mt. St. Helens	Loma Prieta Earthquake	Hurricane Hugo	Hurricane Andrew/Iniki/ Typhoon Omar	Midwest Floods
Estimated Losses		1,017.2	2,683.6	2,838.5	9,953.0	7,573.4
1993 GDP	6,260,000					
Loss as Share of GDP		0.00016	0.00043	0.00045	0.00159	0.00121
In Percentage Terms		0.02%	0.04%	0.05%	0.16%	0.12%