Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Personal (Partial) (1 page)	09/09/1993	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Kathryn Way
OA/Box Number: 2640

FOLDER TITLE:

Floods [2]

2013-0854-S
ms673

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Dept. of Transportation

*Very good coordination between state DOT and U.S. DOT. Have successfully been able to "one-stop-shop," only needing to deal with the FHWA Wisconsin Division office. Information has been consistent and accurate.

*Two concerns are that the field reviews be completed in a timely manner and that the ER funds be disbursed quickly. No problems are expected in these areas.

Dept. of Labor

*Pending DUA grant for $607,200 has gone unanswered. Problem seems to be between OMB and FEMA not Labor.

*Regional DOL has been extremely helpful.

*Two concerns are the administrative costs to use the grants, need a cost rate of 5%. Also fear an increase in paperwork required by feds for use of grants.

October 22, 1993

MEMORANDUM FOR: BRIAN BURKE
KATHI WAY

FROM: SARAH HABERMAN

SUBJECT: OVERLAP BETWEEN SAST AND THE INTERAGENCY FLOODPLAIN MANAGEMENT COMMITTEE

Brian asked me to review the proposals for the formation of the Scientific Assessment Strategy Team (SAST) and the Interagency Floodplain Management Committee for possibilities of overlap between the two entities. The greatest potential for overlap lies between SAST and the River Management Subcommittee in the area of alternative flood control approaches. Both groups will focus on identifying areas which should be included into existing conservation programs such as wetlands. The language in the two proposals about this subject is very similar. Additionally, SAST will address issues related to river basin management, ecosystem management and flood control. The River Management Subcommittee will also focus on the hydrology of the river, ecosystems and overall flood control. In general, the language describing the goal of SAST mirrors the description of the River Management Subcommittee. Though the Interagency plan does specifically say that SAST will provide assistance as needed, the statement does not reflect strongly enough the close correlation between the goals of the two groups. There should be an emphasis on that correlation with a stipulation that the two groups will work closely so as to avoid needlessly duplicating materials.

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[001]

DATE: September 9, 1993
TO: Kathi Way
FROM: Mike Schmidt
RE: More Flood News

I spoke with Margie Segal this afternoon about the NGA/Flood Task Force meeting over at Agriculture yesterday. She wants you to give her a call, but I thought I would give you a heads-up on some of the issues that she will want to discuss:

- [redacted] - the NGA reps were under the impression that the Task Force leaders would be doing the briefing. Not a big deal, but it kinda sets the tone in a bad way, don't you think?

- [redacted] This sentiment seems to confirm your longstanding fear that USDA doesn't have the horses to do the job right.

- Apparently, some of the Governors are getting ready to draft a letter to Espy saying "these are the 10 things we still can't get answers on -- please help!". Margie said she would fax over a draft of the letter tomorrow.

- Tempers are beginning to flare as this issue becomes more and more political. The states are not excited about our plan to use the DSOs to coordinate assistance, because DSOs do not always have the Governors best interest in mind -- "a tremendous old-boys network."

- Some states are ready to write to the President asking him to order HUD to release their Low Income Home Assistance Program Funds so they can be used before the first frost hits the upper Midwest (possibly as soon as three weeks from now!). Apparently HUD has been, as usual, a nightmare on this and other issues.

- States are also still waiting for an answer on the question of CDBG funds flexibility. We need to force someone (OMB? HUD?) to give them an answer -- they have been waiting for several weeks now.

Margie also called and left a message for Keith on this -- please give her a call ASAP. Thanks.

MEMORANDUM

TO: KATHI WAY

FROM: KEITH MASON KM

DATE: SEPTEMBER 2, 1993

RE: FOLLOW-UP TO HALL OF STATES MIDWEST MEETING - SEPT. 2,1993

These are my impressions from this morning's meeting concerning the needs of the representatives of the Midwestern governors offices:

1. A decision from OMB as to whether the states can substitute federal funds which were approved for designated projects before the flood occurred for flood related projects without losing the funding approval for those pre-flood projects for the next fiscal year.

2. A weekly schedule of Flood Task Force meetings with contact person and phone number.

3. A weekly schedule of visiting federal officials (i.e. Cabinet Secretaries) to the Midwest.

4. A <u>comprehensive</u> description of federal programs available to states for disaster-relief assistance needs. These assistance needs descriptions should be made according to the purposes for which the flood recovery task forces were formed. Each assistance need description should include the responsible agency or agencies involved, the federal/ state formula percentage associated with each program (if applicable), the amount of federal money available to the state per program, each program's application process and requirements, and the contact name for each program.

5. A <u>comprehensive</u> report on the amount of money by function being spent by the federal government on the flood relief effort, including the percentage of state money, if any, that is required for each area of assistance. I think that this will help alleviate any problems associated with the FEMA cost-share policy and give a more complete picture of the total federal response effort.

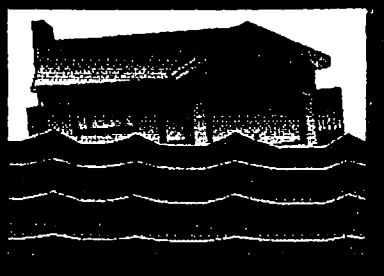
We should discuss this to make sure that we are both operating under the same understanding derived this morning's meeting. Then we should try to get together with T.J. to determine how we can assemble this information.

Recovery Information by FAX

FLOOD *FAX* SERVICE

(1-800-647-3349)

A joint service of the Greater Des Moines Chamber of Commerce and the U.S. Department of Commerce, Bureau of the Census



Recovery Information For Individuals, Businesses, Non-Profit Organizations Affected by the Mississippi Flood.

This service, funded by the U.S. Department of Commerce (DOC), has been designed to provide Mississippi Flood Victims with the necessary repairs and recover from the effects of the Mississippi river flood rapidly as possible.

It transmits continually up-dated information covering a wide variety of subjects almost instantaneously, by facsimile, upon command from a touch tone telephone.

The service will be available 24 hours a day, seven days a week via a toll-free number.

INFORMATION PROVIDED BY FLOOD FAX :

- Detailed reports & bidding information from various Federal, State & Local agencies.
- Information about schools, jobs, contractors, office space, construction cost guidelines.
- Public utilities.
- Telephone numbers of insurance companies & loan sources.
- Lists of companies requesting assistance.
- List of companies offering assistance.
- Chamber of Commerce reports & events.
- Telephone numbers.
- General information.

HOW TO USE THE SERVICE?

To use the FLOOD/FAX Service, you must have access to a Facsimile Machine (FAX) and a Touch Tone telephone.

1. You must have access to a Facsimile Machine (FAX) and you must know its 10-digit telephone number (including area code) to use FLOOD/FAX.
2. You must call from a touch tone telephone or FAX machine: the system is automatic and depends on tones from your telephone key pad numbers to operate.
3. When you call 1-800-647-3349 a recorded voice will tell that you have reached FLOOD/FAX and will give you simple instructions for using the system.
4. Before calling, consult the list of FLOOD/FAX reports listed below and decide which one(s) you want.
5. A recorded message will ask you whether you are calling from a FAX machine or simply a standard telephone. If you are calling from a touch tone telephone it will then ask you to enter the 10-digit telephone number of the FAX machine you want the information faxed to.
6. You will then be asked to enter the 4-digit FLOOD/FAX ID number of the report you want. You may order up to a maximum of two reports.
7. After your order is taken, follow the instructions. If you are calling from a FAX machine, your report will be sent immediately. If you are sending your report to another FAX machine, it will usually be sent immediately, but during very busy times there may be some delay.

FLOOD/FAX REPORTS AVAILABLE

SUMMARY INFORMATION

199 How to Use FLOOD/FAX and FLOOD/FAX Reports Available (this bulletin)
500 Bureau of the Census Data for Flood Areas

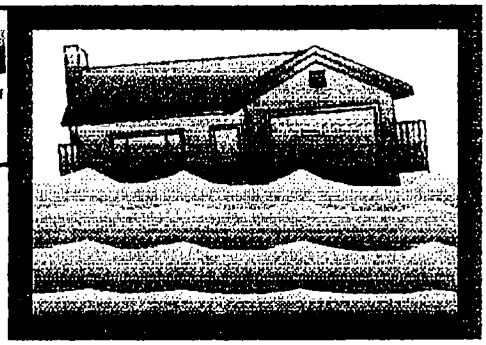
FEMA FLOOD RESPONSE MOBILIZATION & RECOVERY-BRIEFING & RESOURCE BOOK (July 17, 1993)

2100 Quick Reference Guide
2200 Overview of Current Status
2310 Illinois Status and Contacts
2320 Iowa Status and Contacts
2330 Kansas Status and Contacts
2340 Minnesota Status and Contacts
2350 Missouri Status and Contacts
2360 Nebraska Status and Contacts
2370 North Dakota Status and Contacts
2380 South Dakota Status and Contacts
2390 Wisconsin Status and Contacts
2420 Assistance Available to the States from Federal Agencies
2422 Agriculture Assistance
2424 Communications Assistance
2428 Individual and Family Assistance Grants
2430 Disaster Unemployment Assistance
2432 Economic Recovery Assistance
2434 Energy Assistance
2436 Firefighting Assistance
2438 Food Assistance
2440 Flood Insurance Assistance
2442 Hazardous Material Assistance
2444 Health and Medical Services Assistance
2446 Information Planning Assistance
2448 Legal Aid Assistance
2452 Mass Care Sheltering/Housing Assistance
2454 Mass Care Medical Assistance
2456 Mass Care Feeding Assistance
2458 Public Works and Engineering Assistance
2460 Urban Search and Rescue Assistance
3000 To Be Assigned

FLOOD/FAX - A joint service of Greater Des Moines Chamber of Commerce and the U.S. Department of Commerce, Bureau of the Census and Economic Development Administration.

Free recovery Information by FAX

FLOOD FAX SERVICE



A joint service of the Greater Des Moines Chamber of Commerce and the U.S. Department of Commerce, Bureau of the Census

1-800-647-3349

ACCESS INSTRUCTIONS:

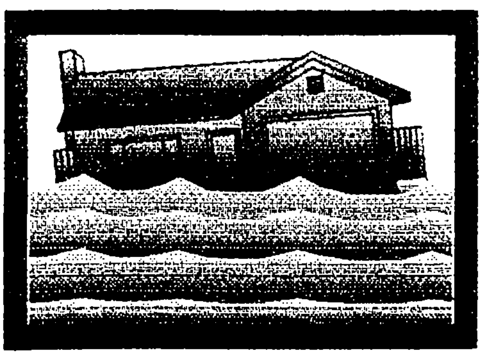
1. Consult The FLOOD/FAX Listings on back of this brochure for the code number of the information you wish to receive.
2. Call 1-800-647-3349 from a touch tone telephone.
3. Follow the instructions given on the phone.
4. Enter and confirm your FAX number.
5. Enter and confirm the code number for the information requested.
6. FLOOD FAX system and your FAX machine will do the rest.

For further information call: **Greater Des Moines Chamber of Commerce** (515) 286-4950

The recovery information you need is as close as your Telephone and FAX machine. CALL 1-800-647-3349

For Vital Recovery Information from your Greater Des Moines Chamber of Commerce and the U.S. Department of Commerce, Bureau of the Census

Greater Des Moines Chamber of Commerce
601 Locust Street, Suite 100
Des Moines, Iowa 50309



Place Address Label Here.

Sponsored by the U.S. Department of Commerce
, Bureau of the Census & Economic Development Administration

TABLE 1

EMERGENCY SUPPLEMENTAL REQUEST FOR MIDWEST FLOODS
COMPARISON OF AMOUNTS
(in millions of dollars)

03-Aug-93
01:50 PM
BRB:kbh

OMB ESTIMATE, President's request of July 14th	2,482	
Direct		1,758
Contingent		724
OMB ESTIMATE, additional request of July 19th letter to Mr. Natcher	495	
Direct		430
Contingent		65
Subtotal of July 14th request and July 19th letter		2,977
Amount passed by House		2,982
OMB ESTIMATE, increment from July 19th to July 29th formal request to Sen. Byrd	1,277	
Direct		1,110
Contingent		167
Subtotal of July 19th letter and July 29th increment		1,771
OMB ESTIMATE, Total budgetary resources of July 29th request	**4,253**	
This counts loan levels, not the BA subsidy for those loans.		
SBA: The $60 million in subsidy BA will support $292 million in loans, not $300 million	-8	
OMB RE-ESTIMATE, Total budgetary resources	**4,245**	
OMB ESTIMATE of amount recommended by Senate Appropriations Committee		4,245
Subtract out loan levels for:		
Agriculture, RDA, Business and Industry Loan Guarantees	-50	
Agriculture, RDA, Business and Industry Loan Guarantees (contingent)	-50	
Agriculture, Farmer's Home Administration, ACIF Loans	-87	
Agriculture, Farmer's Home Administration, RHIF Loans	-15	
Small Business Administration, Disaster Loans	-292	
And add in the subsidy Budget Authority for these same loans:		
Agriculture, RDA, Business and Industry Loan Guarantees	3	
Agriculture, RDA, Business and Industry Loan Guarantees (contingent)	3	
Agriculture, Farmer's Home Administration, ACIF Loans	22	
Agriculture, Farmer's Home Administration, RHIF Loans	6	
Small Business Administration, Disaster Loans	60	
OMB ESTIMATE, Total Budget Authority	**3,844**	
Add the requested amendment for additional FEMA funds for FY 94	862	
SENATE APPROPRIATIONS COMMITTEE ESTIMATE, Total Budget Authority	**4,706**	
SENATE ESTIMATE of amount recommended by Senate Appropriations Committee.		4,706

* Totals may not add due to rounding.

EMERGENCY SUPPLEMENTAL REQUEST
FOR MIDWEST FLOODS

(in millions of dollars)

03-Aug-93
01.52 PM
BRB:kbh

Agency/Accounts	Request of 14 July Bdgt. Resources 1993	Total request as of 19 July Bdgt. Resources 1993	Total request as of 29 July Bdgt. Resources 1993	House Committee Bdgt. Resources 1993	House Floor Bdgt. Resources 1993	Senate Committee Bdgt. Resources 1993
Agriculture:						
Commodity Credit Corporation fund [1]	600	850	1,050	850	850	1,050
Commodity Credit Corporation fund (contingent)	300	300	300	300	300	300
Agricultural Stabilization and Conservation Service:						
Emergency conservation programs	20	20	30	20	20	30
Salaries & Expenses			12	--	--	12
Soil Conservation Service	25	25	35	25	25	35
Soil Conservation Service (contingent)	--	--	25	--	--	25
Rural Development Administration:						
Business & Industry loan guarantees	--	--	50	--	--	50
Subsidy BA	--	--	(3)	--	--	(3)
Business & Industry loan guarantees (contingent)	--	--	50	--	--	50
Subsidy BA	--	--	(3)	--	--	(3)
Emergency Water Grants	--	--	20	--	--	20
Emergency Water Grants (contingent)	--	--	30	--	--	30
Farmer's Home Administration:						
ACIF Loans	--	--	87	--	--	87
Subsidy BA	--	--	(22)	--	--	(22)
RHIF Loans	--	--	15	--	--	15
Subsidy BA	--	--	(6)	--	--	(6)
Very Low-Income Housing Repairs	--	--	15	--	--	15
Extension Service	--	--	4	--	--	4
Commerce:						
NOAA Operations, Research & Facilities	--	1	1	1	1	1
EDA (emergency relief)	100	100	100	100	100	100
Education:						
Impact Aid assisting local schools (contingent)	--	--	70	--	--	70
Pell grants	--	--	30	--	--	30
HHS:						
Public Health Emergency Fund (contingent)	4	54	75	54	54	75
HUD:						
CDBG planning with State/locals	3	3	25	3	3	25
CDBG community development	--	--	175	--	--	175
CDBG community development (contingent)	50	50	--	50	50	--
HOME	--	--	50	--	--	50
HOME (contingent)	100	100	--	100	100	--
Interior:						
Fish and Wildlife Service	--	26	30	26	26	30
National Park Service Construction	--	1	1	1	1	1
Historic Preservation Fund	--	5	5	--	--	5
U.S. Geological Survey	--	1	1	1	1	1
Bureau of Indian Affairs	--	--	4	--	--	4
Labor:						
Job Training	--	44	44	44	44	44

EMERGENCY SUPPLEMENTAL REQUEST
FOR MIDWEST FLOODS

(in millions of dollars)

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Agency/Accounts	Request of 14 July Bdgt. Resources 1993	Total request as of 19 July Bdgt. Resources 1993	Total request as of 29 July Bdgt. Resources 1993	House Committee Bdgt. Resources 1993	House Floor Bdgt. Resources 1993	Senate Committee Bdgt. Resources 1993
Transportation:						
Federal-aid highways (emergency relief)	100	100	100	75	75	100
Federal-aid highways (emergency relief) (contingent)	–	–	75	25	50	75
Local Rail Freight Assistance	–	10	10	21	21	10
Local Rail Freight Assistance (contingent)	–	–	6			6
United States Coast Guard	5	10	10	10	10	10
Army Corps of Engineers:						
Flood control and coastal emergencies	45	100	120	100	100	120
Flood control and coastal emergencies (contingent)	20	20	60	20	20	60
Operations & Maintenance	–	30	55	30	30	55
Commission on National & Community Service:						
Emergency Relief Services	–	2	2	2	2	2
Environmental Protection Agency:						
Pesticide clean-up, drinking water systems repair, and leaking underground storage repair	–	–	34	–	–	34
Federal Emergency Management Activity:						
Disaster Relief	550	550	873	815	815	873
Disaster Relief (contingent)	250	265	265	–	–	265
Small Business Administration:						
Disaster loan program loan level	300	300	300	300	300	300
Subsidy BA	(60)	–	(60)	(60)	(60)	(60)
Administrative expenses	10	10	10	10	10	10
Totals [2]						
Funding designated as emergency	1,758	2,188	3,297	2,459	2,484	3,297
Contingent funding	724	789	956	524	524	956
TOTAL BUDGETARY RESOURCES [2]	**2,482**	**2,977**	**4,253**	**2,983**	**3,008**	**4,253**
July 14th transmittal			2,482			
July 19th OMB Director's letter			495			
July 29th additions			1,277			

* $500,000 or less.

[1] An additional $100 million in prior appropriations is extended to June 30, 1994, and is scored as 1994 BA.

[2] Totals may not add due to rounding.

RESPONSE TO THE MIDWEST DISASTER

Christine's breakdown on response to the Midwest is the best starting place. So far, we have been praised for the White House response to the disaster. That praise can quickly turn to criticism unless we focus on plans for the situation following the emergency - clean-up and long-range policy decisions. Following are the three stages Christine mentioned and a beginning action plan to get this project started:

I. **Immediate Response:**

Issue - Federal Troops

• National Guard troops have been working constantly since flooding began. Though the President offered Federal troops, Governors have not requested their assistance.

Action -

• Christine will check with DoD on funding implications and waiver authority needed to relieve states of financial implications.

Issue - Relief for States

• USDA has compiled information from federal agencies on potential assistance to states and local governments. This now needs to be converted to two documents. One, which will go to the states, to report, by program area, assistance available. The second, to identify regulatory changes that can/will be made and potential legislative action to be sent to the President.

Action -

• USDA will synthesize and forward the material (perhaps helped by T.J. at OMB) by week's end.

II. **Short-term response (2-4 months)**

Issue - Midwest Coordination

• As the flood waters crest and begin to recede, states, local governments and federal agencies will be asked to respond quickly to a wide-range of problems - public health problems, family stress problem and environmental clean-up. Our efforts to date have worked on a state by state basis but our response after the emergency stage needs to include plans across state lines that take into consideration the interstate effects of our response. Consideration is being given to creation of a regional center, headed by White House staff, to coordinate and expedite the response.

Action -

• Kathi will contact GSA/FEMA to get preliminary information on availability of office space and time-line for office readiness.

• Roy Neel will consider appropriate personnel.

III. **Long-term Recovery**

Issue - Policy Implications

• Our need to reach agreement on long-term policy development is critical to a successful response to a disaster of this magnitude. Rebuilding in the flood plains, crop insurance, and support for families are some of the issues to be included in the discussion. The direction of these policies needs to be developed in concert with the states, Congress and the White House.

Action -

Kathi will work with NGA, IGA, and Congressional Liaison Office to create a task force focused on long-term policy issues

Finally, there is consensus a return trip to the midwest by the President would be viewed as positive. If we move in the direction of opening a midwest office, a visit by the President on his way to Colorado would provide a good focus.

A return visit by the President to the midwest is under consideration. Logistically, a stop-by on the way to Colorado makes sense. If we move forward with creation of a regional office, the opening could be done in conjunction with a Presidential visit.

Finally, how we communicate our strategy is almost as important as the strategy itself. A point person from communications to work on getting the message out would strengthen our effort.

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Itemized Activities for Floodplain Management Review
3 November 93

CORP suggested nothing objectives - see over.

o GOAL: The goal of the review will be to develop a set of recommendations for the President on modifications to Federal floodplain management programs that will better protect life, property and the ecology of the Upper Mississippi River Basin.

o ESTABLISH COMMITTEE. The Floodplain Management Task Force institutes a review of long-term floodplain management issues through a core Interagency Floodplain Management Committee comprised of USDA, COE, DOI, FEMA, and EPA.

o ASSEMBLE CORE STAFF. The Committee immediately assembles a core staff to conduct the review, comprised of an Executive Director and nine professionals with administrative support (see longer Memorandum).

o TEAMS. The Committee establishes three groups:
1. Flood Damage Susceptibility Team;
2. River Flows Management Team; and
3. Floodplain Restoration Team.

ADD ECONOMICS TO EACH TEAM and create a 4th team that would look at the economic impact for region

o WORKPLANS. Under the guidance of the Executive Director, each Team develops a detailed workplan and schedule for the issues within its area that would:
1. Identify the major issues;
2. Identify the major information requirements for addressing the issues;
3. Identify the major constituencies affected by the issues; and
4. Develop a detailed schedule for scoping out the options, soliciting regional input and developing the draft options.

o WORKPLAN APPROVAL. The Committee reviews and approves the workplan for each Team consolidated into a single whole by the Executive Director.

o IMPLEMENTATION. Each Team executes its approved workplan through the core staff and under the guidance of the Executive Director, subject to oversight by the Committee.

o TECHNICAL SUPPORT. The Scientific Assessment and Strategy Team (DOI/OSTP) provides continuing technical support to the work of the Committee, as do the individual agencies on an ad-needed basis.

Flood Plain Management
T.J. executive director choices
~~[illegible]~~ economic impact
coordination with Congress
coordination with other planning efforts
TIMELINE

National goal must be to identify
Socially ~~acceptable~~ optimal uses for flood plain management

MEMORANDUM FOR: Kathi Way
Special Assistant to the President

FROM: James L. Witt
Director

SUBJECT: Acquisition of Properties Affected by the Midwest Floods

As you requested, the memorandum from the President to all department and agency heads stating that FEMA will coordinate acquisition and relocation projects in the Midwest is attached. The status report on the relocation efforts has been sent to agencies for review and comment. We have incorporated all comments into the attached, revised document.

Relocation of families and communities out of the floodplain is a high priority within FEMA. Please let me know if there is anything else that we can do to move this process along. We look forward to working with you in this effort.

Attachments

cc:
FEMA DIR   SL/DA   SL/Krimm   OGC
SL/DA/PA/HM/RF/Sub.files-g-presiden.rel
SL/DA/PA/HM/Helbrecht/10/13/93/x3358

Concur:
Helbrecht______ Zensinger_____ Kwiatkowski______

Krimm_______ ExCA_______

D R A F T

Memorandum for All Department and Agency Heads

As you are aware, the recent flooding in the Midwest has affected thousands of individuals and caused millions of dollars in property damage. Many families have been out of their homes for several months, and we need to work together to help them help themselves. One of the highest priorities for the recovery from this disaster is to provide assistance to all individuals and communities interested in relocating out of the floodplain. This will reduce the future likelihood of such widespread suffering.

Since one of the Federal Emergency Management Agency's (FEMA's) primary missions is to reduce the vulnerability of communities from the effects of natural disasters, I have asked FEMA to work with the appropriate Federal agencies to coordinate all aspects of acquisition and relocation projects. Many of the programs being implemented in the Midwest have different eligibility criteria and approval processes. It is essential that we at the Federal level coordinate our activities to ensure that all of our programs are implemented consistently and expeditiously. Departments and agencies should examine ways to streamline application and approval procedures, modify program requirements to facilitate property acquisition, and provide appropriate waivers or exceptions to promote the process.

In order to support the policy of promoting and expediting relocation projects, FEMA will convene a Federal Acquisition Funding Council to develop an overall Federal policy on providing technical and financial assistance to communities in need. The council will work to reduce the regulatory burden on State and local governments, as well as individuals, in implementing Federal assistance programs in a comprehensive and timely manner. I ask that each agency contact FEMA by October xx, 1993, with the name of the staff member who will participate in this group at the headquarters level. Mr. Richard W. Krimm at (202) 646-3692 will be the FEMA point of contact.

For your information, a status report of the acquisition and relocation projects being considered in the Midwest is attached. I appreciate your support, and look forward to hearing the positive results from this effort.

Attachment

President Clinton

Federal Hazard Mitigation Activities in the Midwest
Focus: Property Acquisition and Structure Elevation
A Status Report

A Federal priority in the recovery from the midwestern flooding continues to be the facilitation of either the elevation of flood damaged structures or the public acquisition (for open space use) of flooded property and the relocation of affected homes or businesses to areas outside of identified flood hazard areas. This is being accomplished through coordination and application of available Federal programs, consistent with State priorities and in conjunction with State and local authorities.

FEMA estimates that a total of $27.5 million will be available to the nine affected States through its Hazard Mitigation Grant Program. These funds (which require a 50 percent non-Federal match) can be used independently or as part of a package comprised of additional programs. FEMA will expedite the processing of grant applications for these particular disasters. In addition to these Grant funds, $5 million is already available for acquisition of insured properties under section 1362 of the National Flood Insurance Act, $200 million is available in the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program, and $50 million is available in HUD HOME funds. The CDBG and HUD HOME funds can be used by States and local governments for acquiring property in the floodplain.

These projects can be complex and expensive, and FEMA has been working closely with other Federal agencies to establish consistent and constructive policies and guidelines for their implementation. Because the funding that has been appropriated by Congress to agencies for recovery from this disaster is insufficient to make all the victims whole, we must assure that these funds are spent in the most cost-effective manner to reduce the region's long-term vulnerability to similar floods.

A number of principles have guided our approach to this effort:

1. Consideration will be given to flood damaged properties, even if they are outside of the 100 year floodplains identified through the National Flood Insurance Program (NFIP). While in many cases, the extent of flooding correlated fairly closely with the NFIP maps, a considerable number of properties outside of the 100 year floodplain may have been affected. Priority should still be given to those properties subject to the most frequent flooding, i.e. a property in the 25 year floodplain would be acquired before one in the 100 year floodplain, which should be acquired before one in the 500 year or larger floodplain.

2. If possible, "checkerboard" patterns of acquisition will be avoided, in favor of projects wherein contiguous parcels can be acquired. This will facilitate more effective open space use of the acquired property. This is not to preclude the acquisition of properties that are not contiguous, however, if a particular situation warrants it. The mitigation of

hazards is often an incremental process, taking advantage of particular opportunities as they develop.

3. Financing of levee repairs is being coordinated closely with relocation efforts to ensure that these two processes are not in conflict.

4. Federal loan forbearance, rather than loan forgiveness, should be applied as appropriate.

5. All property owners will be treated fairly and, to the extent possible, will be offered comparable packages of benefits. Because the programs offering acquisition assistance differ this is not always possible. However, FEMA is coordinating closely with the other agencies involved to standardized policies and procedures where possible and ensure smooth implementation.

6. Recognizing that each property owner and each community interested in acquisition may have a unique combination of circumstances related to financial capability, to the extent possible, holders of flood insurance policies should receive a more advantageous package of benefits than individuals who chose not to purchase the insurance.

7. Packages of assistance should be "layered," meaning that the first assistance offered should be SBA loans, supplemented by grants from FEMA, HUD, and other appropriate agencies as necessary. As always, duplication of benefits is to be avoided.

8. Priority should be given to projects where homeowners voluntarily elect to participate.

FEMA's goal is to ensure that 100 percent of the affected communities, and the individuals and businesses in them, notified of the availability of programs that can assist in funding such projects (list attached), and how these programs may be used singly or in combination to effect a recovery that significantly reduces the likelihood of future flood losses. At this time, about 100 communities have expressed some level of interest. The number of potential properties in each ranges from two or three to close to 100. These numbers are continually being refined as FEMA continues the detailed, hands-on technical assistance to States and communities that such projects require.

The State-by-State information below will discuss specific actions that have been taken by FEMA to initiate discussions with communities on potential acquisition projects. If a community is interested, it should contact FEMA's Hazard Mitigation Officer at the Disaster Field Office to discuss needs and mitigation approaches. The Hazard Mitigation Officer will:

1. Arrange for the development of site-specific technical guidance for mitigation opportunities and identify sources of further technical assistance, such as universities, regional planning commissions, councils of government, etc.;

2. Advise on the range of Federal and State financial assistance to meet individual

community needs, including acting as a broker among Federal and State agencies as needed to package available programs most effectively;

3. Arrange for advice from State and local officials who have managed successful relocation projects of their own, as needed; and

4. Help communities and individuals to implement the mitigation measures, monitor progress, and ensure completion of projects.

A synopsis of mitigation assistance activities on a State-by-State basis is provided below, and a list of Federal programs available to fund property acquisition projects follows the synopsis.

ILLINOIS

Community Outreach:

- FEMA has contracted with the University of Illinois to provide on-site evaluations and technical assistance to communities with severe, recurrent flooding. The University's involvement is comprised of the following steps: 1) collect data on individual structures; 2) analyze and organize that data; 3) identify mitigation opportunities; and, 4) develop individual community plans that outline the necessary steps for recovery.

- The Village of Valmeyer has developed long term recovery plans. FEMA is providing technical assistance to the community on how to submit applications for funding.

- A meeting was held with the Town of Grafton on September 28, 1993, to discuss the completed University of Illinois recovery report. The Town must decide on the mitigation measures it wishes to pursue. The Regional Planning Commission and FEMA staff are working together with the Town to determine the best strategy for recovery.

- Personnel from the Tennessee Valley Authority (TVA) are working out of the Illinois Disaster Field Office lending technical assistance to local communities.

- The Interagency Hazard Mitigation Team met in late August to identify State priorities and potential mitigation projects, including acquisition and relocation.

Potential for Acquisition and Relocation:

- FEMA is working with six communities on relocation, acquisition, and elevation projects: Grafton, Hull, Keithsburg, Kampsville, Hardin, and Quincy.

- Recovery plans will address the alternatives available for each community. Regional planning commissions have also adapted this approach to coordinate available mitigation resources.

- An additional 14 communities are also interested in relocation programs and will be assisted by the University of Illinois teams.

- Field staff estimate that up to 106 more communities, with populations under 1,000, may ultimately be interested in relocation or acquisition programs. Town meetings to explain acquisition and relocation were held for 100% of the communities affected.

IOWA

Community Outreach:

- FEMA has identified a list of homeowners whose property damage indicates a potential interest/need in either elevation or property acquisition. FEMA and the State are using this information as a basis for community and individual outreach efforts.

- FEMA contracted with Iowa State University to develop long-term mitigation strategies for seven seriously flood-prone communities. The University will deliver strategies to FEMA on all seven areas by mid-December. The strategies are expected to lead to applications for grants from FEMA and other agencies.

- FEMA and SBA are operating a Mitigation Packaging Center which is offering individual counseling on mitigation alternatives and available funding.

- The Interagency Hazard Mitigation Team met in late September and conducted site visits to identify alternatives to levee repairs in hard-hit areas.

Potential for Acquisition and Relocation:

- Fifteen counties have indicated interest in acquisition or elevation programs. This would involve 19 separate projects in various communities, including Des Moines, Hamburg, Chelsea, Ames, Ottumwa, Eddyville, and Tama.

- FEMA is holding a seminar to educate State and local agency staffs on acquisition and relocation procedures.

- The Department of Economic Development has developed a proposal to fund acquisition and elevation through regional councils of government. The Department is already providing technical assistance to the councils on a continuing basis.

Substantial Damage and Elevating Structures:

- FEMA has approved a $300,000 Hazard Mitigation Grant to the Neighborhood Housing Services of Des Moines, Inc. for the purpose of elevating substantially damaged houses in Des Moines.

- FEMA has given preliminary approval to a similar grant for the State of Iowa Emergency Management Division to offer elevation assistance in other areas of the State. A conservative estimate is 400 structures across the State.

KANSAS

Community Outreach:

- The Interagency Hazard Mitigation Team has completed its initial findings and recommendations. These will provide a basis for the State's mitigation strategy.

- FEMA and State staff are attending town meetings throughout the State to inform communities about mitigation alternatives and available funding.

Potential for Acquisition and Relocation:

- FEMA and the State have identified ten counties interested in property acquisition assistance. Approximately 130 properties are involved. Interested communities include Manhattan, Easton, Marysville, and parts of Kansas City.

- The Wolcott area (western Wyandotte County) of Kansas City is preparing an application for Hazard Mitigation funds to acquire 41 houses. These are low-income families whose homes were under water for eight weeks. The application is expected to be submitted to the State by the first week in October.

- Also under consideration for acquisition is the A-1 Mobile Home Park in Kansas City, containing 262 mobile homes in the 100-year floodplain. Some specific issues are being worked out prior to the submission of an application for Hazard Mitigation funding.

- Funding for acquisition projects will primarily come from FEMA's Hazard Mitigation Grant Program, with matching funds coming from HUD Community Development Block Grants.

Substantial Damage and Elevating Structures:

- The Kansas Donation Group has been successful in obtaining donations of building materials and services which may be applied to structures required to elevate.

MINNESOTA

Community Outreach:

- The State and FEMA have developed a strategy to work together with the regional planning commissions on all long-range recovery issues, including community outreach, project development, and identification of funding sources.

Potential for Acquisition and Relocation:

- Six communities are interested in acquiring a total of about 60 structures for a total cost of $4 million. FEMA estimates approximately $1 million in Hazard Mitigation Grant funds will be available.

- One community, Springfield, has submitted a proposal to acquire 13 properties for an estimated total of $750,000. About $50,000 in Hazard Mitigation funds will be requested, with CDBG and HOME funds to help make up the remainder needed. FEMA Individual Assistance will provide up to $1500 to each family for relocation (not acquisition) expenses, and Temporary Housing will be provided.

MISSOURI

Community Outreach:

- FEMA and the State have been holding nightly meetings with most of the affected communities regarding the mitigation alternatives available and potential funding sources.

- Representatives from the Missouri State Emergency Management Agency, Department of Economic Development, and Housing Development Commission; and FEMA, HUD, and SBA conducted workshops throughout the State to discuss programs available to acquire flood-damaged properties and elevate homes.

- FEMA is contracting with the regional planning commissions to provide technical assistance to communities in evaluating alternatives and preparing program applications. Training for the commissions was held September 16.

- The State Emergency Management Agency sent application packages for the FEMA Hazard Mitigation Grant Program to all counties and cities in the declared disaster area. State and Federal agencies will meet October 19 to determine the criteria for funding Hazard Mitigation Grants. The State has set November 1, 1993 as the deadline for applications to be submitted.

- The Interagency Hazard Mitigation Team met September 14 to discuss issues and priorities and make recommendations for the implementation of mitigation measures. The Team will be a primary reviewer of Hazard Mitigation Grant Program project applications.

Potential for Acquisition and Relocation:

- Twenty-five communities have indicated interest in acquisition or relocation projects. Each would involve between 25 and 100 homes. Interested communities include the Counties of Jefferson, St. Charles, St. Louis, Cape Girardeau, Lincoln, Perry, Platte, and Warren; and the cities of Arnold, Cape Girardeau, Hannibal, Jefferson City, Ste. Genevieve, Bellefontaine Neighbors, Chesterfield, Commerce, Fenton, Festus, Crystal City, Hermann, Marthasville, Portage De Sioux, Riverside, Annada, and Washinton.

Substantial Damage and Elevating Structures:

- Representatives from the National Flood Insurance Program have been participating in workshops throughout the State on elevating flood-damaged homes.

NEBRASKA

Community Outreach:

- FEMA and the State are contacting all affected communities and explaining available programs and alternatives, and are providing direct assistance to communities who are further interested in developing proposals and preparing grant applications.

- The Governor of Nebraska issued a letter transmitting the list of "Federal Programs for Relocation and Elevation of Flood Damaged Property" to all Mayors and County Commission Chairs in the affected areas.

Potential for Acquisition and Relocation:

- FEMA Hazard Mitigation staff and a representative from HUD have been meeting with Sarpy County (south of Omaha) and the Papio-Missouri River Natural Resources District to discuss potential acquisition projects in Iskey Park, Hollubs Place, and Elbow Bend areas of the County. The County is currently preparing a Hazard Mitigation Grant application for the project. While the exact total number of properties is still being identified (between 50 and 100), the estimated cost of the project is $1.2 million.

- The Crowell area of Dodge County is also considering the option of acquisition for five properties that flood several times a year.

NORTH DAKOTA

Community Outreach:

- A joint team of Federal and State mitigation staff presented Hazard Mitigation Grant Program applicant briefings in Valley City, Devils Lake and Bismarck. Over 100 potential applicants attended the briefings, indicating a high interest level and the importance of packaging programs to fund as many projects as possible.

- Several State agencies are developing and implementing a recovery strategy to identify needs prior to the winter freeze.

- The State and FEMA are providing acquisition and reconstruction information and on-site technical assistance to interested individuals.

- The State is initiating a public awareness, information, and outreach program regarding flood preparedness, response, recovery, and mitigation responsibilities of governments and individuals.

- The Interagency Hazard Mitigation Team met in August and is making recommendations for Statewide mitigation activities.

Potential for Acquisition and Relocation:

- One community, Valley City, has expressed interest in a Hazard Mitigation Grant for property acquisition. CDBG funds may also be available to fund any other potential relocation projects identified.

Substantial Damage and Elevating Structures:

- Substantial damage does not appear to be an issue in North Dakota since the flooding was mostly limited to basements.

SOUTH DAKOTA

Community Outreach:

- FEMA is working closely with State and other agencies to identify communities interested in acquisition or relocation projects.

- All Disaster Application Center had mitigation experts in place to counsel disaster victims and to identify opportunities to reduce future losses.

Potential for Acquisition and Relocation:

- Two communities are interested in acquisition or relocation projects; five homes in Madison and ten homes in Montrose. Hazard Mitigation and CDBG funds will probably be sufficient to handle relocation needs.

- A contractor has provided on-site support to two communities (i.e., Montrose and McCook Counties) and assisted in developing plans and grant applications. High water marks have been recorded, base flood elevations determined, the floodplain mapped, flood-damaged properties inspected to identify mitigation options, information provided to property owners, and coordination facilitated between State, Regional, County, and local officials.

- Reconstruction and acquisition information is being provided to interested individuals.

- The community of Montrose is annexing additional land so that citizens can relocate out of the floodplain. The town has applied for $400,000 in CDBG funds for the project. The groundbreaking for the first new home to be built out of the floodplain will take place the first week of October.

Substantial Damage and Elevating Structures:

- It is anticipated that some property owners will choose to elevate their homes rather than relocate. FEMA Hazard Mitigation Grants are a potential source of funding for interested communities.

WISCONSIN

Community Outreach:

- Involved agencies are meeting periodically to discuss the most beneficial use of potential funding sources. Federal agencies include EDA, FmHA, SBA, USACE, SCS, HUD, and FEMA. State agencies include the Departments of Development, Natural Resources, Industry, Labor and Human Relations, Health and Social Services, and the Wisconsin Trust Fund. At the local level, regional planning commissions, municipal and county government officials are involved.

Potential for Acquisition and Relocation:

- Four communities have expressed interest in acquiring a total of approximately 142 structures. The total cost is estimated at about $10 million.

- One of these communities, the City of Darlington, has developed a property acquisition plan with funding from a previous FEMA planning grant, and is preparing an application for a Hazard Mitigation Grant for the project.

Substantial Damage and Elevating Structures:

- Only a few communities have identified substantially damaged structures. One of the hardest hit, Darlington, is planning to acquire the substantially damaged structures.

Federal Programs For Relocation And Elevation

FEMA Programs:

- The **Hazard Mitigation Grant Program (HMGP)** is authorized by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act 93-288, as amended. HMGP can provide 50% of the cost of elevating structures to comply with NFIP standards, and/or for acquiring properties in a floodplain, providing relocation assistance as necessary. Communities can apply through the State for the HMGP following a Presidential disaster declaration. The State, as HMGP grantee, is responsible for identifying and prioritizing projects. Although State and local units of governments are the eligible applicants, funds can be provided to individuals and businesses for these projects.

- Through **Section 1362 of the National Flood Insurance Program**, FEMA can purchase flood-damaged property and provide property owners the opportunity to relocate in areas not prone to flooding. To be eligible the property owner must have a flood insurance policy in force when the damage occurs and meet one of three other program criteria. In addition, the community must agree to accept title to the purchased property and manage it for open space purposes. Currently, the 1362 program is expecting to have a budget of $5 million for FY 1994 for all 50 States. Because funding is limited, this program expects a shortfall in relation to eligible properties in the Midwest.

- Several **Individual Assistance** programs can also be used to facilitate elevation or relocation out of a floodplain. The **Individual and Family Grant (IFG)** program can be used in conjunction with other programs to elevate or relocate individual structures, although funding is limited. The maximum grant is $11,900. In addition, **Disaster Housing** assistance can be provided to individuals for up to 18 months while relocation and elevation programs are being developed and implemented. Program regulations for use of the special **Cora Brown Fund** specifically refer to relocation out of hazardous areas, and to hazard mitigation and floodplain management purposes.

- FEMA's **Public Assistance** program can provide some limited assistance in the areas of elevation and relocation. For example, if entire portions of a community were to be relocated outside of the floodplain, PA can assist in rebuilding the necessary infrastructure in the new location. If a community determines that a badly damaged facility is not to be repaired, the estimated damage amount may be used to fund hazard mitigation measures.

HUD Programs:

• The **Community Development Block Grant (CDBG)** program can provide funds for a variety of projects, including floodplain property acquisition and relocation, or elevation. The Supplemental Appropriation Bill provided an additional $200 million for the CDBG Program, however funds are restricted to "repairing, replacing, or restoring the function of facilities damaged by or continuing services interrupted by the flood". These funds can be used for elevation of structures, or in combination acquisition/relocation projects.

• The **HOME Program** provides grants to States and larger cities and urban counties for permanent housing for low-income persons. Allocations to communities will be based on the CDBG formula. Individuals may apply for these funds if they are low income (80% of median income). There is no minimum or maximum loan amount and interest rates are determined by the recipient community. The community may decide to grant funds to individuals rather than provide loans. Funds can be used for acquisition, new construction, or elevation. $50 million was added to this program in the Supplemental Appropriations Bill. Application requirements and housing quality standards requirements have been waived and other processes streamlined.

SBA Programs:

• SBA provides **disaster loans** to homeowners and businesses to repair or replace property damaged in a declared disaster. Loans may be increased to cover extra costs to meet required building codes, such as the NFIP requirements. SBA may also provide loans for involuntary relocations out of special flood hazard areas, when required by local officials. Involuntary relocations also cover any move out of a special flood hazard area when the damage to the real property is substantial as defined by NFIP. In cases of involuntary relocations the entire replacement value is eligible. While SBA's legislation limits the agency's authority to make disaster loans for voluntary relocations, there are exceptions that can be made including relocations of homeowners, renters and business-owners out of special flood hazard areas. These loans would be limited to the amount necessary to repair or replace the damage at the disaster site. Loans are available for up to $120,000 for homeowners; $20,000 for renters; and, $1,500,000 for businesses. SBA loans may also be used to refinance existing mortgages in some instances.

Farmers Home Administration Programs:

• FmHA is authorized to make rural housing loans and grants to eligible applicants to buy, build, or repair housing located in a rural areas. Homes constructed or repaired through FmHA are required to meet the NFIP elevation requirements. The **Section 502 Home Ownership Loan Program**, available to low and very low income applicants (50% and 80% respectively of the area's median income, can be used to elevate or relocate individual structures; the estimated annual budget for this program is $1.29 billion. The maximum loan amount is $105,000, and interest rates, based on income, may be as low as 1%.

• FmHA's **Section 504 Home Improvement Loans and Repair Loans and Grants Program** can provide funds to elevate homes or farm structures; $15 million was added to the loan program and $15 million was added to the grant program in the supplemental appropriation. The grant portion of this program (up to $5,000) is made only to very low income senior citizens. The loan program may provide loans up to $15,000, with the lowest interest rate, based on income, at 1%.

• FmHA **Emergency Loans** are available to assist family sized farmers and ranchers in refinancing existing debt, as well as to cleanup and restore farms and repair farm structures. Loans can be used to elevate living areas to meet NFIP requirements or to relocate homes out of the floodplain. Loans are provided at 4.5% interest over a 30-40 year period for physical losses. The supplemental appropriation added $87 million to the loan program.

USACE Programs:

• The USACE is authorized to relocate homes out of the floodplain if it proves to be more cost effective than a structural flood control measure. However, this can be a lengthy process and requires congressional review; the **Section 205 Program**, for projects under $5 million, can take several years to complete, while projects over this amount, funded under the regular program, would take much longer.

Economic Development Administration Programs:

• The EDA provides funding for projects resulting in **economic growth** for communities. The Administration has received additional funding through the supplemental appropriation for its programs in the affected communities in the Midwest.

OFFICE OF THE GOVERNOR
STATE OF INDIANA

MEMORANDUM

To: Choco Meza - HUD Intergovernmental

From: Jeff Viohl JCV

Date: August 20, 1993

Subject: Flooding in Indiana

Governor Bayh has declared five counties in Indiana as state disaster areas due to flooding and will be requesting the President to designate the five-county area a major disaster area. At this time, we plan to seek Individual Assistance only.

The affected five counties are Clay, Parke, Putnam, Vermillion and Vigo. Three more counties may later be added to our request. Terre Haute, which is an entitlement city located in Vigo County, has experienced flood damage. We are expecting more rain in this area over the weekend.

Please use me and the following state officials as contacts on flood-related issues:

Jerome M. Hauer
Director
Indiana State Emergency Management Agency
302 W. Washington St.
IGC-South, Rm. E-208
Indianapolis, Indiana 46204

Phone: 317-232-3980
FAX: 317-232-3895

Lester C. Miller
Executive Assistant for Emergency Management
Office of the Governor
206 State House
Indianapolis, IN 46204

Phone: 317-232-4566
FAX: 317-232-3443

Craig E.Hartzer
Chief Deputy Executive Assistant
Indiana Department of Commerce
One North Capitol, Suite 700
Indianapolis, IN 46204

Phone: 317-232-8801
FAX: 317-233-5123

It would be helpful to include the draft agenda with any correspondence you send out about the conference next week. Thanks for your cooperation and assistance.

cc: Mike Schmidt

also:
Jeff Viohl
Office of the Governor
State of Indiana
Co/700 13th Street NW
Suite 400
Washington, D.C. 20005
Phone: (202) 628-3343
Fax: (202) 347-0785

August 3, 1993

Mr. Donald L. Collins
Acting Administrator
Federal Insurance Administration
Federal Center Plaza
500 C Street, SW
Washington, DC 20472

Dear Mr. Collins:

We have been advised that the Federal Insurance Administration has recently issued instructions to the Federal Emergency Management Agency (FEMA) Regional Directors relating to floodplain management requirements pertaining to valuation for purposes of ascertaining substantial damage. Under the proposed new rule, in jurisdictions covered under Presidential disaster declarations, substantial damage to determine the fifty per cent threshold for reconstruction would be calculated by using "replacement" cost rather than "market value".

As governors of the states affected by the recent Midwest flooding, we are writing to voice our objections to this new interpretation of National Flood Insurance requirements. While we understand that the Federal Insurance Administration has proposed this change to lessen the impact in a crisis situation, the change would have far-reaching effects. It is entirely possible that considerably more rebuilding would be allowed in a floodplain if this new guidance is utilized. This result is not in the best public interest.

Most standard floodplain management rules and regulations used by the states are based on the market value concept. Even if standards are relaxed at the federal level, most of our states will have to use the more restrictive state standards.

We encourage you to reevaluate this proposed change and retain the use of market value for purposes of calculating substantial damages for reconstruction.

Sincerely,

Tommy G. Thompson, Governor
State of Wisconsin

Terry E. Branstad, Governor
State of Iowa

Jim Edgar, Governor
State of Illinois

Mel Carnahan, Governor
State of Missouri

Arne H. Carlson, Governor
State of Minnesota

E. Benjamin Nelson, Governor
State of Nebraska

KWay-
Pls handle.
CHR

A fax from ... Marjorie J. Witherspoon MJW

NASCSP

Date: September 20, 1993

Number of Pages
(including this one): 5

To: Carol Rasco

Comments: I realize that health is your number one priority, but, I am looking for your assistance with the Office of Management and Budget. Secretaries Shalala and O'Leary are sending a letter to OMB asking for the release of LIHEAP emergency funds to be used in the flood areas. Of particular note is the fact that this is a joint initiative between HHS and DOE. The funds would be used through the weatherization program. OMB has sent a letter to Harkin refusing his request for these funds on the basis that all of the states would have to receive funds --- but HHS has done further research and stated that is not the case. We have a face saving argument for OMB. Please let me know if you can help.

NASCSP's Fax (202) 624-8472. Telephone (202) 624-5866

If there are any problems with this transmission, please call

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Leon Panetta
Director
Office of Management and Budget
Old Executive Office Building
Washington, DC 20503

Dear Leon:

We would like to bring to your attention a serious matter involving the survival of low-income persons in the Midwest flood area and to strongly recommend actions that can be taken immediately to alleviate their distress before the winter.

Recent massive flooding has taken a devastating toll in nine Midwest States. Among those who have been most affected are low-income persons whose residences have been flooded. Many are still homeless, with the mid-western winter only a month to six weeks away in parts of the flood zone. Many more are little more than "camping out" in a shell of a house with no working furnace and no hot water. Wet insulation not only will be ineffective this winter because of the moisture, but also, if not removed soon, will cause the structure to rot. Many of these disaster victims are struggling to provide food and clothing for their families. Furnace replacement or repair and weatherization needs are completely beyond their reach, and few have insurance to cover their losses. It is not likely that many will be helped by the recently passed flood relief bill, H.R. 2667, at least in the near future.

We are concerned that further devastation awaits these unfortunate flood victims, who are already operating at the economic margins of society, if we do not ensure that they are able to return to their homes before winter.

Fortunately, we have the means to provide immediate assistance to repair and replace nonworking furnaces and carry out other essential weatherization and energy-related repairs to the flood-damaged homes of low-income persons. The FY 1993 Health and Human Services appropriations law provided a contingency fund of up to $595.2 million under the Low-Income Home Energy Assistance Program for emergencies such as this. None of these funds, which will expire September 30, 1993, have yet been requested. The funds have already been appropriated by the Congress and will become immediately available upon a request from the President that designates the amount of the request as an emergency under the terms of the Balanced Budget and Emergency Deficit Control Act of 1985. No Congressional action is required. Any funds so requested will not count against the limits of the budget agreements.

Senator Harkin sent a letter to the President on July 19, 1993, requesting the release of a portion of the contingency funds for flood relief. We understand that the Office of Management and Budget has recommended against such action. We are vigorously appealing that decision.

We believe failure to release these funds immediately to help low-income persons in the flood zone to winterize their homes will lead to further economic distress, dislocation, and despair for flood victims already stretched to the limit. These funds will supplement limited funds available from the Federal Emergency Management Agency, which has advised us that it does not have sufficient funds or personnel available to meet all the low-income housing needs since it must focus its priorities on restoring sewer and water facilities and repair of business districts.

After discussing needs with the nine States involved, we believe release of $68 million of the contingency funds will meet the valid energy-related emergency needs of low-income persons in the flood States. Use of the funds will be coordinated between the Low-Income Home Energy Assistance Program in the Department of Health and Human Services and the Low-Income Weatherization Assistance Program in the Department of Energy. Local crews have been performing what repair work they can, but they have run out of funds. They are ready to utilize any funds that are released to continue their work.

We strongly urge you to take immediate action to obtain the release of these funds so that necessary repairs can be made to the homes of flood victims before winter.

Sincerely,

Donna E. Shalala
Secretary of Health
and Human Services

Sincerely,

Hazel R. O'Leary

Hazel R. O'Leary
Secretary of Energy

STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

September 15, 1993

The Honorable Bill Clinton
President of the United States
The White House
Washington, DC 20500

Dear Mr. President:

We are respectfully asking for the release of the 1993 LIHEAP (Low-Income Home Energy Assistance Program) contingency appropriation. These funds were appropriated by Congress to provide aid in energy emergencies. Midwest states are experiencing such an emergency as a result of this summer's massive flooding. Flood waters have caused damage to furnaces, water heaters, insulation and windows in the homes of low-income families.

The support and assistance of the federal government have been vital in the flood cleanup and reclamation of property through programs initiated by FEMA, HUD, SBA and Agriculture. However, there are many families who will not be eligible for these programs, yet have needs which must be addressed. For example, SBA loans are available only to those with an ability to repay. Low-income families and those who have lost their jobs due to the floods are not eligible for loans. HUD programs address some repair needs but not the inability of a family with greatly reduced income to pay their winter heating bills. We are writing on behalf of these families.

We have already seen strong indications that the number of these households will increase this winter, as reduced farm income and the flood's ripple effect trigger layoffs, shortened work hours and reduced or eliminated income. These households are primarily working families, small family farmers, "mainstreet" business owners and employees, and those dependent on agriculture for their livelihood.

With your declaration of an energy emergency in the flood damaged states prior to September 30th, the LIHEAP contingency funds can be released. We are respectfully requesting that you release those funds.

The Honorable Bill Clinton
September 15, 1993
Page 2

Thank you very much for your consideration of our request.

Warmest regards,

Arne H. Carlson
Governor of Minnesota

Walter D. Miller
Governor of South Dakota

Terry E. Branstad
Governor of Iowa

E. Benjamin Nelson
Governor of Nebraska

Jim Edgar
Governor of Illinois

Mel Carnahan
Governor of Missouri

Tommy G. Thompson
Governor of Wisconsin

Edward T. Schafer
Governor of North Dakota

Joan Finney
Governor of Kansas

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

September 24, 1993

MEMORANDUM FOR CHRISTINE VARNEY

FROM: Christopher Edley, Jr. CEdv
Associate Director for Economics & Government

SUBJECT: Estimates of Hurricanes Andrew/Iniki and Typhoon Omar Spending

The disaster assistance table we prepared on a rush basis September 4th for the President's trip to Florida provided preliminary estimates of: (1) total resources made available for the three disasters ($8.9 billion); (2) estimated amounts obligated to date ($3.6 billion); and (3) additional amounts likely to be obligated ($792 million).

OMB Budget Review Division staff have been working with my staff to update the disaster assistance table as better information becomes available. The revised table (attached) indicates that:

o Approximately $3.8 billion (72 percent) of the $5.3 billion in available budget authority has been obligated;

o An additional $1.2 billion in BA is expected to be obligated later;

o Taken together, current and expected obligations account for about 95 percent of the available BA.

o When loan levels and budget authority are combined, the gap between total available resources ($9.3 billion) and current/expected obligations to date ($5.9 billion) is more pronounced. This is largely due to the fact that only a small fraction of the $2.4 billion HUD FHA loan limit was used to help home buyers.

Our staff has been working closely with Secretary Cisneros' staff to monitor disaster funding specifically for Florida. Where possible, we will track the Florida spending separately. OMB staff have also developed a tracking system for use in the future for the Midwest and other disasters, based on a new OMB circular requiring monthly reports from the agencies. The system starts next week, and the first reporting deadline is October 15.

Attachment

cc: T.J. Gauthier, Leon Panetta, Kathi Way

HURRICANE ANDREW/INIIKI/TYPHOON OMAR ASSISTANCE

(resources in millions of dollars)

Agency	Amounts In P.L.102-368	Total Available Resources [1]	Estimated Amounts Obligated To Date	Additional Amounts Likely to be Obligated
Agriculture	421.4	421.4	230.3	114.8
FmHA Loan Limit/Levels	(531.8)	(0)	(60.0)	(32.5)
Commerce	5.0	77.0	47.0	30.0
Defense [2]	793.0	725.0	725.0	---
Education	55.0	95.0	27.0	68.0
Health & Human Services	105.6	106.8	96.5	10.3
Housing & Urban Development [3]	485.0	485.0	122.7	362.4
FHA Loan Limit/Levels	(2,428)	(2,428)	(200)	---
Interior	101.9	101.9	65.0	36.9
Justice	54.5	56.7	54.7	---
Labor	30.0	57.4	57.4	---
Transportation	90.3	155.3	123.0	12.0 [4]
Treasury	35.0	35.0	8.1	28.0 [5]
Corps of Engineers	31.0	34.0	17.0 [6]	17.0
Small Business Administration	356.8	356.8	188.9	10.8 [7]
Disaster Loan Pgm Loan Limit/Level	(1,247.8)	(1,247.8)	(616.6)	(4)
FEMA [8]	2,567.0	2,567.0	2,022.0	516.0
Community Disaster Loan Limit/Level	(200)	(200)	(48)	(152)
Other Agencies	1.4	12.6	12.6	---
Total Budget Authority........................	**5,131.4**	**5,274.3**	**3,784.6**	**1,206.2**
Plus Loan levels	4,407.6	4,407.6	924.6	188.5
Less Subsidy BA	-390.8	-390.8	-172.8	-55.5
Total Resources	**9,148.2**	**9,291.1**	**4,536.4**	**1,339.2**

Notes:
NA means estimates of obligated amounts not available.

[1] Includes regular appropriations, as well as emergency supplementals P.L. 102-368 (the original Andrew supp.) and P.L. 103-50.

[2] Estimates of DOD obligations include amounts for Homestead clean-up already released and estimated amount expected to be used. Additional obligations may be incurred if additional claims for damages to personal items are filed.

[3] Includes resources made available by P.L 103-50.

[4] Transportation estimates $12M will be obligated by the end of this fiscal year. The remaining resources will likely be obligated in FY94.

[5] Treasury does not expect to use these funds for Hurricane Andrew repairs.

[6] An estimated 90% of Corps amounts have been obligated. Figures do not include FEMA funds.

[7] SBA estimates that loan activity for these disasters is virtually completed.

[8] FEMA amounts exclude transfer to HUD of $183 million and $143 million which is only available if the President submits an additional request to the Congress.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

THE DIRECTOR

SEP 15 1993

Honorable Tom Harkin
United States Senate
Washington, D.C. 20510

Dear Senator Harkin:

Thank you for your letter to the President suggesting the Low Income Home Energy Assistance (LIHEAP) program's contingency fund be released to assist people affected by the flooding in Midwestern States.

I particularly want to thank you for your work in getting the emergency flood supplemental appropriation passed quickly to aid flood victims. The assistance package enacted, which provides $6.3 billion in disaster assistance, should deliver rapid, coordinated, and well-targeted help.

Your letter suggested that $600 million in FY 1993 LIHEAP contingency funds be released as part of Federal flood assistance efforts. As your letter correctly noted, LIHEAP's energy crisis intervention program may fund activities such as the provision of temporary emergency shelter and emergency repairs to heating and cooling equipment. It appears, however, that were they released, LIHEAP's contingency funds would not target only States affected by flooding but go to <u>all</u> LIHEAP eligible States, whether disaster affected or not. This is a concern, as I believe disaster relief efforts should target flood-affected States and help flood victims. As an alternative, Federal Emergency Management Agency (FEMA) funds in the disaster relief package may provide temporary shelter, cash grants for basic needs such as home energy assistance, and help with repairs.

I want to reiterate that the Administration will continue to seek additional assistance, as needed, for flood-affected States. Thank you again for sharing your views with me. As always, I welcome the opportunity to respond to them.

Sincerely,

ORIGINAL SIGNED BY
LEON E. PANETTA

Leon E. Panetta
Director

THE WHITE HOUSE

WASHINGTON

TO: Christine Varney
Kathi Way
Keith Mason

FROM: Carol H. Rasco CHR

SUBJ: Flood question

DATE: September 14, 1993

In Nebraska yesterday, Tim Roby of the North Dakota Governor's office told me they are having some type problem getting answers from Labor. He said there is a chance his Gov. would get his answers today in DC but in the meantime if someone could give Tim Roby a call on Wednesday upon his return to North Dakota from the CGPA meeting in Nebraska to check on this it would help our responsiveness effort I think. Tim is the Policy Director in the Gov.'s Office there; his number is 701-224-2200.

Thank you.

cc: Marcia Hale

TO: STEVE SILVERMAN
WHITE HOUSE
(202) 456-2983

FROM: JAMES L. WITT
FEMA

SUBJECT: MIDWEST FLOODING

The Honorable James L. Witt
Director
Federal Emergency Management Agency
Washington, D.C. 20472

Dear Mr. Witt:

I have determined that the damage in certain areas of the State of Illinois, resulting from severe storms, Mississippi River flooding, and other riverine flooding on April 13, 1993, through and including August 31, 1993, is of sufficient severity and magnitude that special conditions are warranted regarding the cost-sharing arrangements concerning Federal funds provided under the Robert T. Stafford Disaster Relief and Emergency Assistance Act ("the Stafford Act") for the Public Assistance program.

Therefore, I amend my previous declaration to authorize Federal funds for Public Assistance at 90 percent of total eligible costs, except for direct Federal assistance costs for emergency work authorized at 100 percent Federal funding. This 90 percent reimbursement applies to all authorized Public Assistance costs, including debris removal to eliminate immediate threats to public health and safety, emergency work to save lives and protect public health and safety, and repair or reconstruction of uninsured public and private non-profit facilities.

This adjustment to State and local cost sharing applies only to Public Assistance costs eligible for such adjustment under the law. The law specifically prohibits a similar adjustment for funds provided to States for the Individual and Family Grant program. These funds will continue to be reimbursed at 75 percent of total eligible costs.

Please notify the Governor of the State of Illinois and the Federal Coordinating Officer of this amendment to my major disaster declaration.

Sincerely,

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

COVER SHEET

Number of Pages (excluding cover sheet): 12 Date: 9/18

To:

Name: Margie Segal

Address: National Governors Association

Telephone: 624-5300

FAX Number: 624-5313

From:

Name: STEVE REDBURN

Address: 725 17TH STREET, N.W.
WASHINGTON, D.C. 20503

Telephone: (202) 395-4610

FAX Number: (202) 395-1307

Time:

SPECIAL INSTRUCTIONS: My staff has prepared answers to some of your questions. Please call if you need further help, especially re. HUD & FEMA programs.

Steve

FLOOD QUESTIONS

Question 2: If states use money from current year appropriations for flood recovery efforts, can they receive reimbursement from the emergency supplemental? Do the waiver provisions of the emergency supplemental apply if current year funds are used?

Response with respect to HUD:

States can incur costs to be reimbursed with Community Development Block Grant (CDBG) disaster relief funds back to the "incident date" established for the State by FEMA at the time the State was declared a Federal disaster area. If States use regular CDBG funds for any eligible CDBG disaster relief activities, they can be reimbursed with CDBG disaster relief funds back to the "incident date" of the disaster.

The waiver provisions of the emergency supplemental only apply to the supplemental CDBG funds, not to regular CDBG funds; however, HUD is willing to consider granting waivers in specific circumstances where application of the regulatory requirement would adversely affect the purposes of the Act.

With regard to HOME funds, the Department has provided a number of waivers of regular funds used in disaster areas. These include (1) elimination of FY 1993 and FY 1994 matching requirements with respect to any HOME funds expended in Presidentially-declared disaster areas; (2) waiver of the requirement that assisted units must meet housing quality standards (only for properties damaged by the disaster); (3) reduction in the environmental review comment period from 30 days (two 15-day periods) to a single 15-day period; and (4) elimination of the prohibition on paying impact fees with HOME funds.

Response with respect to USDA:

The Ag branch has advised us that States using regular USDA annual appropriations funds for flood recovery efforts may not use supplemental appropriations to "backfill" depleted coffers.

Response with respect to FEMA:

States do not receive normal annual appropriated funds from FEMA for disaster relief, therefore, this question is not relevant with respect to FEMA.

Question 3: We have a number of specific housing issues that are not resolved. What is the most efficient way to get answers? These questions include proper use of CDBG and HOME funds, as well as use of funds for buyouts and relocation purposes.

Response:

The best source of information for most of the specific housing issues would be the written guidance already provided by HUD. Material already given to each state and entitlement community includes the following:

- Grant agreement with certifications;
- Waiver descriptions and justifications;
- Special contract conditions;
- Guidance on special restrictions; and
- Question-and-Answer guidance.

In particular, the Question-and-Answer guidance piece sent out in early September covers use of CDBG and HOME disaster relief funds for buy-outs and gives extensive coverage to relocation issues.

In addition to the written documentation, the HUD Field Office in each of the nine affected states has a contact person designated as part of HUD's Flood Assistance Service Team (FAST). See attached sheet for these contacts (name, telephone, fax, and address)for each state.

Question 4: There are serious discrepancies between State damage estimates and FEMA estimates. At what point and in what manner can we resolve these?

Response:

The Federal Coordinating Officers (FCOs) in each affected State are in constant contact with State officials and FEMA headquarters officials reviewing and evaluating damage estimates. It is not surprising that State damage estimates are higher than Federal ones; States have a natural incentive to come in with high damage estimates so as to maximize Federal cost sharing. While this situation is common to almost all disasters, FEMA makes every effort to work intensively with State officials to iron out differences and to base reimbursements to States on estimates derived from cooperative FEMA-State relationships. FEMA will continue to work with States in investigating discrepancies and resolving differences.

QUESTIONS AND ANSWERS ON USE OF HUD MIDWEST FLOOD DISASTER RELIEF FUNDS

A. COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME FUNDS

Pre-Agreement Costs

QUESTION: How far back from the date of the grant agreement can a grantee incur pre-agreement costs for CDBG or HOME disaster funds?

ANSWER: A State or State recipient under CDBG can incur costs for activities starting with the date the jurisdiction was declared a Federal disaster area by FEMA due to damages from flooding, high winds, hail and other disasters during the spring and summer of 1993. All such activities must be eligible and undertaken in accordance with the requirements of 24 CFR Parts 58 and 570 Subpart I.

For CDBG Entitlement Communities, because disaster recovery funding is occurring in two stages, HUD has already waived pre-agreement cost limitations to permit grantees to reimburse local funds for costs incurred in excess of the initial grant amounts, but only if such costs were incurred on or after the date of the grant agreement. The waiver will, however, be extended to cover costs incurred on or after the date the jurisdiction was declared a Federal disaster area by FEMA. All activities must be eligible and undertaken in accordance with the requirements of 24 CFR Parts 58 and 570.

For either State or local participating jurisdictions under HOME, the approved grant agreements do not authorize pre-agreement costs, but the agreements will be modified to authorize costs to be incurred as of the date the jurisdiction was declared a Federal disaster area by FEMA. All activities must be eligible and undertaken in accordance with the requirements of 24 CFR Parts 58 and 92.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL	# of pages ► 10
To Joseph Firschein	From Don Patch
Dept./Agency OMB	Phone # 202 708 3587
Fax # 202 395 1307	Fax # 202 708 3363

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

B. COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

Buy-Outs

QUESTION: The statute requires that CDBG funds be used for repair, replacement, or restoration of facilities damaged by the disasters. May a grantee use CDBG disaster funds to "buy out" damaged properties from affected families and would the cash payments to these families for the cost of the acquired properties qualify as "replacement" of "facilities" under the statute?

ANSWER: Yes, provided the grantee requires each recipient to sign a certification, subject to verification by HUD, stating that the funds will be used expressly for the purpose of replacement housing.

Linkage between Affected Families and Units

QUESTION: Can a grantee use CDBG disaster funds to construct or rehabilitate homeowner or rental housing units in an area with large numbers of structures damaged or destroyed by the disasters, without linking each unit to a specific disaster-affected family?

ANSWER: A grantee may provide such housing without a direct "one-for-one" link between each unit and a disaster-affected family. As a matter of policy, however, a grantee would be expected to try to ensure that affected families find suitable replacement housing. Moreover, while each disaster-affected family need not be provided with its own replacement housing, the statutory limitation on "replacing" housing does mean there can only be unit-for-unit replacement. The number of new units to be provided is limited to the number affected by the disaster and to be replaced. As with the regular CDBG program, any such housing activity funded with CDBG disaster funds must also meet a national objective.

C. HOME FUNDS

Eligible Activities

QUESTION: How can HOME funds be used to assist families affected by the disaster?

ANSWER: HOME funds may be used to rehabilitate, reconstruct, or newly construct housing for families whose properties were damaged or destroyed by the disaster. Funds may also be used to acquire another home by funding a downpayment, closing costs, or a mortgage. HOME funds may be used for rental assistance, helping families to pay security deposits and a portion of the rent. All families must be income eligible, i.e., at or below 80 percent of median income.

Buy-Outs

QUESTION: Can HOME funds be used to "buy out" a damaged property i.e. pay the owner of the unit for the property?

ANSWER: No, HOME funds must be used for an affordable housing unit. They may help rehabilitate an existing unit, demolish an unsalvageable unit and reconstruct a new unit on the same lot, or build/finance the acquisition of another property, either with an existing structure or to construct a new structure.

Housing Quality Standards

QUESTION: Section 8 Housing Quality Standards (HQS) were waived with regard to the disaster funds, and, under certain circumstances, with regard to regular HOME funds. What does this mean?

ANSWER: The Department wanted State and local government officials to have the flexibility to make emergency repairs, correcting conditions endangering health and safety, in storm or water damaged property without having to do a complete rehabilitation. This waiver would allow damaged properties to be made habitable for families anxious to move back into their homes. PJs may, at their discretion, apply HQS or a higher standard to the repair of damaged property. However, to the extent that HOME funds are being used to rehabilitate existing, undamaged stock or construct new housing, the property standards at Section 92.251 apply.

The HQS waiver for regular HOME funds applies only to the extent such funds are used to repair flood- or storm-damaged properties in areas covered by the disaster declaration.

Matching Requirements

QUESTION: Must HOME disaster funds be matched? To the extent that regular HOME funds are spent in disaster areas must they be matched?

ANSWER: The requirement to match disaster HOME funds has been waived unconditionally. This waiver applies until the disaster funds are expended. The HOME Investment Partnership Agreement for Disaster Areas limited this waiver to apply only to expenditures during FY 1993 and FY 1994. The Agreement is being modified to reflect that no match is required in any fiscal year.

However, to the extent that regular HOME funds are being spent in disaster areas, the match liability is reduced to zero for only FY 1993 and FY 1994.

CHAS Requirements

QUESTION: What are the implications for a jurisdiction's CHAS in receiving disaster funds?

ANSWER: Among the certifications that were waived for HOME disaster funds is the certification of consistency with an approved CHAS. While this eliminates the need to do an immediate amendment to the CHAS, when PJs prepare their FY 1994 CHAS submission they must update the needs data and condition of housing stock data to support either new or expanded priorities in disaster-damaged or surrounding areas.

D. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE REPLACEMENT HOUSING

Section 414 of Stafford Act

QUESTION: What is Section 414 of the Disaster Relief Act?

ANSWER: Section 414 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act makes additional persons eligible for a Uniform Relocation Act (URA) replacement housing payment by waiving URA occupancy requirements that the person cannot meet. Ordinarily, to be eligible for a URA replacement housing payment, a person must have occupied the property for a specified period of time (e.g., 90 or 180 days) immediately before the date that triggers eligibility.

When a person is displaced from his or her home by a Presidentially Declared Disaster or other cause that precedes the federally assisted project (and cannot return), the person does not meet the occupancy requirements for a URA replacement housing payment. By waiving the URA occupancy requirements, Section 414 makes a non-occupant eligible for a URA replacement housing payment if the person's property is acquired, renovated or demolished for a federally assisted project (even though the person was displaced by the earlier disaster, not the federally assisted project).

QUESTION: When does Section 414 of the Disaster Relief Act apply?

ANSWER: Section 414 applies to the expenditure of any Federal funds in a Presidentially Recognized Disaster Area, except those special appropriations that permit HUD to waive Section 414. HUD has waived Section 414 in connection with the $200 million in CDBG funds and $50 million in HOME funds provided by the Emergency Supplemental Appropriations Act of 1993 (P.L. 103-75) for the recent Midwest flooding areas.

QUESTION: What happens when Section 414 of the Disaster Relief Act is waived?

ANSWER: The usual URA (and Antidisplacement Plan, if applicable) rules apply. Homeowners and tenants displaced by the disaster (e.g., flood) and not occupying the property when the federally assisted project is carried out do not qualify for a replacement housing payment or a URA moving expense and dislocation allowance. Such persons would, however, be eligible for payment of actual, reasonable moving and related expenses incurred in moving any personalty from the real property if the property was acquired, demolished or rehabilitated for an assisted project. While these persons would not be eligible for a URA or Antidisplacement Plan replacement housing payment, however, the grantee could adopt and provide payments under a CDBG Optional Relocation Assistance Program.

QUESTION: What happens if funds not subject to Section 414 are mixed with regular CDBG, HOME or FEMA funds that are subject to Section 414?

ANSWER: As described above, the waiver of Section 414 applies to only certain HUD disaster relief appropriations. Whenever regular CDBG, HOME or FEMA funds are expended in a project carried out in a Presidentially Recognized Disaster Area, the project is subject to Section 414 of the Disaster Relief Act. Accordingly, if the waiver of Section 414 is important to the project, the grantee must avoid using in the project any Federal funds (e.g., regular CDBG or HOME funds) that are subject to Section 414. Otherwise, the acquisition, renovation or demolition of homes rendered unoccupiable by the flood would trigger URA replacement housing payments for the former occupants.

QUESTION: If Section 414 applies, how do you determine a URA replacement housing payment?

ANSWER: When Section 414 is triggered, URA replacement housing payments are computed in the same manner as they would be if the property was occupied. For example, suppose a flood-damaged home has a market value of $10,000, and a "comparable replacement home" costs $60,000. Under the open-ended URA replacement housing payment provisions in 49 CFR Part 24, a displaced homeowner could qualify for a replacement housing payment equal to $50,000 ($60,000 minus $10,000), plus incidental expenses, and any increased mortgage interest costs.

<u>Optional Relocation Assistance Programs</u>

QUESTION: What is a CDBG Optional Relocation Assistance Program?

ANSWER: Under section 105(a)(11) of the HCD Act of 1974, a grantee may provide relocation payments and other relocation assistance to persons displaced by activities that are not covered by the URA or section 104(d) (Residential Antidisplacement and Relocation Assistance Plan). The grantee may also provide assistance to persons covered by the URA or the Antidisplacement Plan at levels in excess of those required by such provisions. Unless such assistance is provided under State or local law, the grantee must make a written determination that the assistance is appropriate and adopt a written policy (Optional Relocation Assistance Program), available to the public, that describes the relocation assistance to be provided and provides for <u>equal relocation assistance within each class of displaced persons</u>. See 24 CFR 570.488(d) (State Program) and 24 CFR 570.606(d) (Entitlement Program).

QUESTION: How can a CDBG Optional Relocation Assistance Program help flood victims?

ANSWER: A CDBG Optional Relocation Assistance Program can be tailored by a grantee to provide the <u>best possible balance between needs and available resources</u>. The grantee can design a program that meets its special circumstances. It could, for example, limit grants to persons who are buying or renting housing (new construction or existing housing) in areas outside the floodplain. Also, the grantee need not acquire a person's old home in the floodplain to make such a relocation payment. It could elect to provide every person the same amount of money, or it could base payments on a person's income or the size of the replacement home needed. The Optional Relocation Assistance Program provides the most flexible tool in the Federal arsenal for addressing the impact of a flood or other disaster.

QUESTION: What is the HOME Optional Relocation Assistance Program?

ANSWER: The HOME Optional Relocation Assistance Program is much more limited than the CDBG Program. It covers only persons displaced by a project assisted with HOME funds. The other HOME Optional Relocation Assistance Program provisions are similar to CDBG.

<u>Voluntary Acquisitions</u>

QUESTION: Can the acquisition of property in a floodplain qualify as an arm's-length "voluntary transaction" that is exempt from most URA requirements?

ANSWER: Generally not. An arm's-length "voluntary transaction" under the URA regulations at 49 CFR 24.101(a)(1) must comply with a requirement that the property not be part of a "designated project area where all, or substantially all, of the property in the area is to be acquired within specific time limits."

Although the acquisition of floodplain property generally does not qualify for the "voluntary transaction" exemption under 49 CFR 24.101(a)(1), the grantee is free to carry out an acquisition program that it limits to amicable agreements. If the property is not occupied and the funding is not subject to Section 414 of the Disaster Relief Act, such an acquisition program should not present any significant cost differences. If the property is occupied, the grantee could condition its purchase on the owner's waiver of all or part of the relocation payments otherwise payable.

Acquisition Prices

QUESTION: How do you determine the acquisition price of property damaged by a flood?

ANSWER: Under the URA and most state eminent domain laws, the grantee must offer the current "as is" market value of the property, determined on the basis of an appraisal.

NOTE: In an unusual case, a state eminent domain law (e.g., Pennsylvania) may require the grantee to offer the greater of (1) the "as is" market value at the time of the acquisition, or (2) the "pre-flood" market value. HUD recognizes this method only when mandated by State law for all public acquisitions. Where State law is discriminatory (e.g., applies only to federally assisted projects), or the policy is adopted unilaterally by the grantee but is not required by State law, HUD does not recognize as eligible those costs in excess of the "as is" market value.

Impact of Flood Insurance on Relocation Payments

QUESTION: How do flood insurance payments affect relocation payments?

ANSWER: Duplicate compensation is prohibited. The amount of any insurance proceeds which the person receives to cover damages to the realty caused by the flood is added to the acquisition payment to determine the "acquisition cost" for purposes of computing a URA replacement housing payment for a 180-day homeowner. (The "acquisition cost" is subtracted from the cost of a replacement dwelling to determine the price differential component of a replacement housing payment.)

Illegal Occupancy

QUESTION: What happens if a person displaced by the flood returns to occupy the property in violation of local ordinance prohibiting such occupancy?

ANSWER: The Uniform Relocation Act regulations provide that certain "unlawful occupants" do not qualify for relocation assistance even when displaced as a result of acquisition, demolition or rehabilitation for a federally assisted project. Questions about "unlawful occupancy" must be addressed on a case-by-case basis. Contact the HUD CPD relocation specialist responsible for your area.

One-for-One Replacement Housing Requirements

QUESTION: What are the one-for-one replacement housing requirements?

ANSWER: Projects subject to the Residential Antidisplacement and Relocation Assistance Plan (see 24 CFR 570.488(c)(1) for the State CDBG Program and 24 CFR 570.606(c)(1) for the CDBG Entitlement Program) must not diminish the supply of "lower income housing." Consequently, all occupied and vacant occupiable lower income housing that is demolished or converted to a use other than lower income housing for an assisted project must be replaced with lower income housing.

The current CDBG regulation requires that all lower income housing that has been occupied at any time within the 1-year period before the demolition or conversion must be replaced whether or not it is suitable for rehabilitation. Accordingly, <u>unoccupied flood damaged units that are demolished for an assisted project</u> may require replacement unless the project is funded solely by appropriations that are not subject to the Antidisplacement Plan.

QUESTION: Has HUD waived the one-for-one replacement requirements for any CDBG or HOME funds?

ANSWER: HUD has waived the one-for-one housing replacement requirements for the special CDBG ($200 million) and HOME ($50 million) funds contained in the Emergency Supplemental Appropriations Act of 1993 (P.L. 103-75) for Midwest Flooding. HUD has not, however, waived the Antidisplacement Plan relocation assistance requirements.

Of course, if regular CDBG or HOME* funds are expended in a project, the project is subject to all of the Antidisplacement Plan requirements, including the one-for-one replacement of lower income housing. Accordingly, if the project depends on the waiver of the one-for-one replacement requirement, the grantee must avoid spending any regular CDBG or HOME funds in the project.

* Antidisplacement Plan requirements, including one-for-one replacement, apply to all expenditures of regular HOME funds occurring after the participating jurisdiction submits its FY 1994 CHAS.

August 30, 1993

HUD FLOOD ASSISTANCE SERVICE TEAM (FAST)

HUD/CPD Contacts

		Telephone	FAX	Address
HEADQUARTERS (CDGB):	JOHN M. SIMMONS	202-708-3587	202-708-3363	HUD Headquarters 451 7th St., SW Washington, DC 20410
(HOME):	MARCIA K. DODGE	202-708-2685	202-708-1744	
FIELD OFFICES				
ILLINOIS	RICHARD WILSON	312-353-2977	312-353-5417	HUD Chicago Regional Office Ralph H. Metcalf Fed. Building 77 W. Jackson Boulevard Chicago, IL 60604
IOWA	WILLIAM McNARNEY	515-284-4512	515-284-4743	HUD Des Moines Office Federal Building 210 Walnut Street, Room 239 Des Moines, IA 50309-2155
KANSAS	MIKE MADRIGAL	913-236-2184	913-236-2116	HUD Kansas City Regional Office Gateway Tower II 400 State Avenue Kansas City, KS 66101-2406
MINNESOTA	SHAWN HUCKLEBY	612-370-3019	612-370-3220	HUD Minneapolis-St. Paul Office 220 Second Street, South Minneapolis, MN 55401-2195
MISSOURI (Western)	MIKE MADRIGAL	913-236-2184	913-236-2116	HUD Kansas City Regional Office Gateway Tower II 400 State Avenue Kansas City, KS 66101-2406
(Eastern)	DAVID LONG	314-539-6521	314-539-6575	HUD St. Louis Office 1222 Spruce Street, Room 3207 St. Louis, MO 63103-2836
NEBRASKA	GREGORY BEVIRT	402-492-3144	402-492-3150	HUD Omaha Office 10909 Mill Valley Road Omaha, NE 68154-3955
NORTH DAKOTA & SOUTH DAKOTA	BARBARA RICHARDS	303-844-3811	303-844-2475	HUD Denver Regional Office Executive Tower Building 1405 Curtis Street Denver, CO 80202-2349
WISCONSIN	LANA VACHA	414-297-3113	414-297-3947	HUD Milwaukee Office Henry S. Reuss Federal Plaza 310 West Wisconsin Ave., Suite 1380 Milwaukee, WI 53203-2289