

SUBJECT: Memorandum for General Distribution: Restatement of
Federal Levee Policy

Purpose

The Purpose of this memorandum is to clarify the Federal policy on repairing levees in the Midwest. The Army Corps of Engineers (Corps) and the Department of Agriculture Soil Conservation Service (SCS) are the principal Federal agencies responsible for repairing levees, the Corps under its Public Law 84-99 program and the SCS under its Emergency Watershed Protection (EWP) program. This memorandum provides background on why the current Corps policies were established, describes the process the two agencies are using to identify levees that are under their respective jurisdiction, addresses eligibility criteria and allowable exceptions for provision of levee rehabilitation funds, and establishes SCS criteria for prioritizing levee rehabilitation funding.

Corps Policy

Existing Corps policy resulted in part from an internal Corps review of its practices prior to 1986. Among the principal findings in the review were:

- a lack of sponsor commitment in fulfilling operations and maintenance requirements subsequent to Federal investments in rehabilitation,
- recurring rehabilitation at Federal expense of levees not meeting minimal engineering standards,
- recognition of the difficulties associated with determining, after a flood event, the level and adequacy of levee design and maintenance that existed prior to the flood, and
- issues related to state and local government floodplain management prerogatives. As a result of the review in 1986, the Corps proposed rules to overcome identified shortcomings to bring discipline to the program and insure maximum benefits from Federal expenditures. The rules clearly established the Corps intent to develop a program that ensured levees accepted into the active inventory met minimal standards. A public sponsorship requirement addressed the need for a financially viable public sponsor so as to ensure proper stewardship of the Federal investment and proper consideration of state and local floodplain management prerogatives. Based on numerous comments received during the

comment period for the proposed rules, the Corps allowed a two-year grace period from the implementation date of the new rules for levees to obtain public sponsorship. This grace period ended July 15, 1988.

Delineation

In 1986, the Corps and the SCS signed a Memorandum of Agreement (MOA) which outlined how the two agencies would delineate responsibility for repair of levees. The agencies agreed as a general principle that the Corps would be responsible for repairing levees with contributing drainage areas of 400 square miles or greater. The SCS would handle levees with drainage areas of less than 400 square miles. To ensure proper implementation of this part of the MOA, appropriate Corps and SCS officials in each state are identifying the geographic delineation of Corps and SCS areas of responsibility. The 400 square-mile criterion will be used as a guide, but will be adjusted where it is prudent to do so. Should the local Corps and SCS officials not agree on a delineation, the case will be forwarded to agency headquarters officials for resolution. The SCS will not fund the repair of any levee within the geographic areas under Corps jurisdiction.

Levee Repair Policy in Corps of Engineers Geographic Areas.

Corps policy, as established in 1986, requires that levee sponsors be active participants in the Corps program at the time of a disaster event in order to be considered for eligibility for assistance to repair the levees. An active status means that the Corps has inspected the levee and has accepted the levee into its program, or, that the levee sponsor has requested an inspection prior to occurrence of the disaster event. Active status does not guarantee repair -- the Corps also requires that the benefits from the repair will exceed the costs and that repairs can be undertaken in full compliance with environmental laws. In addition, locally constructed levees must be cost-shared with a 20 percent non-federal share. These requirements are identified in the Corps Engineering Regulation 500-1-1.

In 1986, the Corps informed levee sponsors of its PL 84-99 program eligibility requirements and invited them to apply for participation in the program. Many sponsors responded to the Corps invitation and levees were placed in the active status based on field inspections conducted by Corps personnel. Many other sponsors did not respond. As a result of the Midwest Flood of 1993, many sponsors in this latter group have asked the Corps to repair their levees. These levees are not eligible for Corps assistance and they are ineligible for other Federal funding in accordance with current FEMA, Corps, and SCS policy with two exceptions:

- the first exception applies when the levee was constructed after 1986, the levee sponsor can demonstrate that the

levee has been properly maintained and the levee sponsor meets all other Corps eligibility requirements- in this case the levee would be given the same consideration as if it had been in active status before the flood;

- the second exception is when the levee protects critical public infrastructure (e.g., major roads , and water and wastewater treatment plants) that are at risk behind levees that were ineligible for the Corps program because of lack of public sponsorship provided that the levee would otherwise meet the requirements of the Corps' program: in this case, the levees will be repaired using funds made available from the Economic Development Administration (EDA) under its Emergency authority (details are covered below).

Levee Repair Policy in Soil Conservation Service Geographic Areas.

Levees will be eligible for SCS's EWP when there is a potential for loss of life or property without the repairs; the benefits associated with repairing the levee exceed the cost of levee repairs and other levee-dependent costs -- cropland restoration, facilities repairs, and structure repairs -- that should occur only if the levee is rebuilt; and, the levee owner agrees to meet SCS's eligibility requirements for engineering and maintenance. Eligibility for the EWP does not guarantee that the repairs will be funded.

Funds available to repair levees are not sufficient to repair all levees that are eligible for SCS assistance. Therefore, the SCS will use the following criteria to prioritize levees they will repair;

- type of property protected by the levee,
- past performance of sponsors,
- past record of operations and maintenance,
- environmental impact, and
- local rules and regulations.

In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps PL 84-99 program. These levees will be treated as if they were in the

Corps areas. They will be rebuilt by the Corps if the benefit-cost and environmental compliance tests are met. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency.

EDA Funding and Repair Policy:

In some cases, levees within the Corps geographic area are ineligible to receive assistance because of lack of participation by a public sponsor prior to the 1993 Midwest flood. In those cases, if it is determined that the levee protects critical public infrastructure, it will be eligible for assistance from EDA, provided also that:

- a public sponsor is identified and can demonstrate sufficient financial capability to comply with the requirements of this section;
- the levee otherwise meets the requirements of the rehabilitation program established by the Corps for operation, maintenance, and design;
- the benefits derived from repair or reconstruction exceed the repair costs; and
- the public sponsor agrees to include its levee in the Corps program and enters into a written agreement acknowledging that future Federal assistance will be conditional upon complying with the terms of the Corps Levee Assistance Program and participation in the program. Future assistance would be provided through the Corps of Engineers PL 84-99 Emergency program).

In carrying out this program, EDA will coordinate with the Corps to assure that the levee meets all necessary Corps criteria and that future eligibility in the Corps program can be maintained. The final decision as to whether or not a levee will be repaired under this program will be solely that of EDA.

The non-Federal share of the cost of a levee rehabilitation project for which assistance is made available by EDA shall be:

- to provide all lands, easements, rights-of-way, borrow areas and dredged material disposal areas necessary for the project; and
- to provide 25 percent of the costs of construction of the project of which 5 percent of such costs shall be paid in cash, or cash equivalent (as opposed to in-kind services) from non-Federal sources.

Not more than \$18 million will be made available from funds provided to EDA under the Emergency Supplemental Appropriations (P.L. 103-75) for this purpose. In order to assure that all

interested applicants are given an equal chance to be considered, EDA will accept applications for assistance through December 20, 1993. If the total estimated cost of all applications exceeds \$18 million, it will be necessary to prioritize the work. Prioritization will be based on the nature of the public infrastructure protected and the degree to which the levee repair meets the economic objectives of EDA.

November 16, 1993

MEMORANDUM FOR Mike Espy, Secretary, Department of Agriculture
Leon Panetta, Director, OMB
Carol Rasco, Assistant to the President for
Domestic Policy
Dr. Ed Dickey, Acting Assisting Secretary of the
Army for Civil Works

FROM: Kathi Way, Special Assistant to the President

SUBJECT: Federal Levee Policy for the Army Corps of
Engineers, Soil Conservation Service for Federal
Emergency Management Agency

In recent weeks there has been some misunderstanding on Capitol Hill and in the midwest concerning the federal policy administered by the Army Corps of Engineers (the Corps), and the Soil Conservation Service (SCS) principal federal agencies responsible for repairing levees. Specifically, questions have been raised regarding (1) the eligibility requirements for levee reconstruction funding, and (2) the respective levee reconstruction jurisdictions for the Corps, and SCS. To clarify the federal levee policy we have prepared the attached policy statement which explains, in one single document, each agency's eligibility requirements and jurisdiction.

Unless comments are received by 8:00 a.m., November 17, 1993, I will assume the attached policy is ready for release.

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Existing Corps policy resulted in part from an internal Corps review of its practices prior to 1986 in order to bring discipline to the program and to realize the maximum benefits from Federal expenditures. Among the principal findings in the review were (1) a lack of sponsor commitment in fulfilling operations and maintenance requirements subsequent to Federal investments in rehabilitation, (2) recurring rehabilitation at Federal expense of levees not meeting minimal engineering standards, (3) recognition of the difficulties associated with

determining, after a flood event, the level and adequacy of levee maintenance that existed prior to the flood, and (4) issues related to state and local government floodplain management prerogatives. As a result of the review in 1986, the Corps proposed rules to overcome identified shortcomings in the program. The rules clearly established the Corps' intent to develop a program that ensured levees accepted into the active inventory met minimal standards. A public sponsored requirement addressed the need for a financially viable public sponsor so as to ensure proper stewardship of the Federal investment and proper consideration of state and local floodplain management prerogatives. Based on numerous comments received during the comment period for the proposed rules, the Corps allowed a two-year grace period from the implementation date of the new rules for levees to obtain public sponsorship. This grace period ended July 15, 1988.

In 1986, the Corps and the SCS signed a Memorandum of Agreement (MOA) which outlined how the two agencies would delineate responsibility for repair of levees. The agencies agreed as a general principle that the Corps would be responsible for repairing levees with contributing drainage areas of 400 square miles or greater. The SCS would handle levees with drainage areas of less than 400 square miles. To ensure proper implementation of this part of the MOA, appropriate Corps and SCS officials in each state are identifying the geographic delineation of Corps and SCS areas of responsibility. The 400

square-mile criterion will be used as a guide, but will be adjusted where it is prudent to do so. Should the local Corps and SCS officials not agree on a delineation, the case will be forwarded to agency headquarters officials for resolution. In a few cases, this delineation will result in levees classified by the Corps as "active" in its P.L. 84-99 program being located in an area of SCS responsibility.

Levee Repair Policy in Corps of Engineers Geographic Areas.

Corps policy, as established in 1986, requires that levee sponsors be active participants in the Corps program at the time of a disaster event in order to be considered for eligibility for assistance to repair the levees. An active status means that the Corps has inspected the levee and has accepted the levee into its program, or, that the levee sponsor has requested an inspection prior to occurrence of the disaster event. Active status does not guarantee repair -- the Corps also requires that the benefits from the repair will exceed the costs and that repairs can be undertaken in full compliance with environmental laws. In addition, locally constructed levees must be cost-shared with a 20 percent non-federal share. The SCS will not fund the repair of any levee within the geographic areas under Corps jurisdiction.

In 1986, the Corps informed levee sponsors of its PL 84-99 program eligibility requirements and invited them to apply for

participation in the program. Many sponsors responded to the Corps' invitation and levees were placed in the active status based on field inspections conducted by Corps personnel. Many other sponsors did not respond. As a result of the Midwest Flood of 1993, many sponsors in this latter group have asked the Corps to repair their levees. These levees are not eligible for Corps assistance and they are ineligible for other Federal funding in accordance with current FEMA, Corps, and SCS policy.

Levee Repair Policy in Soil Conservation Service Geographic Areas.

Levees will be eligible for SCS's EWP when there is a potential for loss of life or property without the repairs; the benefits associated with repairing the levee exceed the cost of levee repairs and other levee-dependent cost -- cropland restoration, facilities repairs, and structure repairs -- that should occur only if the levee is rebuilt; and, the levee owner agrees to meet SCS's eligibility for the EWP does not guarantee that the repairs will be funded.

Funds available to repair levees are not sufficient to repair all levees that are eligible for SCS assistance. Therefore, the SCS will use the following criteria to prioritize levees they will repair; (1) type of property protected by the levee, (2) past performance of sponsors, (3) past record of operations and maintenance, (4) environmental impact, and (5) local rules and

regulations. FEMA may fund levees within SCS's geographic area of jurisdiction only in cases that meet the requirements of the first exception mentioned above (i.e., the levee protects critical public infrastructure and is ineligible for SCS assistance).

In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps' PL 84-99 program. These levees will be treated as if they were in the Corps' areas. They will be rebuilt by the Corps if the benefit-cost and environmental compliance tests are met. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency, unless they meet the requirements of the first exception.

11-18-93

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- the first exception applies when the levee was constructed after 1986, the Corps has no record of official notification to the levee sponsor of the Corps eligibility requirements, the levee sponsor can demonstrate that the levee has been properly maintained and the levee sponsor meets all other Corps eligibility requirements- in this case the levee would be given the same consideration as if it had been in active status before the flood;
- the second exception is when the levee protects critical public infrastructure (e.g., major roads , and water and wastewater treatment plants) that are at risk behind levees that were ineligible for the Corps program because of lack of public sponsorship provided that the levee would otherwise meet the requirements of the Corps program- in this case, the levees will be repaired using

funds made available from the Economic Development Administration (EDA) under its Emergency authority (details are covered below).

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In a small number of cases, levees in the SCS's geographical areas have been retained in the active status of the Corps PL 84-99 program. These levees will be treated as if they were in the Corps areas. They will be rebuilt by the Corps if the benefit-cost and environmental compliance tests are met. If the Corps determines that they are not eligible for PL 84-99 assistance, they will not be repaired by any other agency.

EDA Funding and Repair Policy:

In some cases, levees within the Corps geographic area are ineligible to receive assistance because of lack of participation by a public sponsor prior to the 1993 Midwest flood. In those cases, if it is determined that the levee protects critical public infrastructure, it will be eligible for assistance from EDA, provided also that:

- a public sponsor is identified and can demonstrate sufficient financial capability to comply with the requirements of this section;
- the levee otherwise meets the requirements of the rehabilitation program established by the Corps of Engineers for operation, maintenance, and design;
- the benefits derived from repair or reconstruction exceed the repair costs; and
- the public sponsor agrees to include its levee in the

Corps program and enters into a written agreement acknowledging that future Federal assistance will be conditional upon the public sponsor's continued participation in the program (future assistance will be forthcoming under the Corps of Engineers PL 84-99 Emergency program).

In carrying out this program, EDA will coordinate with the Corps to assure that the levee meets all necessary Corps criteria and that future eligibility in the Corps program can be maintained. The final decision as to whether or not a levee will be repaired under this program will be solely that of EDA.

The non-Federal share of the cost of a levee rehabilitation project for which assistance is made available by EDA shall be:

- to provide all lands easements, rights-of-way, and dredged material disposal areas necessary for the project; and
- to provide 25 percent of the costs of construction of the project of which 5 percent of such costs shall be paid in cash (as opposed to in-kind services) from non-Federal sources.

Not more than \$18 million will be made available from funds provided to EDA under the Emergency Supplemental Appropriations (P.L. 103-__) for this purpose. In order to assure that all interested applicants are given an equal chance to be considered, EDA will accept applications for assistance through December 20, 1993. If the total estimated cost of all applications exceeds \$18 million, it will be necessary to prioritize the work. Prioritization will be based on the nature of the public infrastructure protected and the degree to which the levee repair meets the economic objectives of EDA.

**MIDWEST FLOOD RECOVERY PROGRAM
ALTERNATIVES TO REPAIR AND RESTORATION OF PUBLIC FACILITIES
AND OTHER REPAIRS AND RESTORATIONS**

Department: U.S. Department of Commerce

Agency: Economic Development Administration (EDA)

Program name: Flood Relief Program

Program Description:

EDA has the primary responsibility for disaster assistance within the Department of Commerce. EDA will make grant awards to assist communities, industries and firms. States, units of local government, and certain non-profit organizations (i.e., community organizations) are eligible recipients; private for-profit entities are not eligible for EDA grants.

Program implementation guidance:

Program delivery - In general, EDA will use its existing procedures for processing proposals and applications for disaster recovery assistance as outlined in EDA's annual Availability of Funds Notice published in the Federal Register of January 11, 1993, Volume 58 Number 6.

Program strategy - EDA's recovery strategy is directed toward (1) initially providing flood recovery coordinator grants to help organize and mobilize the local response capabilities and to assist in the preparation of recovery strategies, (2) awarding economic recovery strategy grants to help local communities develop a comprehensive recovery plan and follow-on implementation projects, and (3) awarding implementation project grants. Limited technical assistance, engineering and planning funds are also available to affected communities.

EDA will also consider grant awards to respond to emergency infrastructure needs in advance of a final economic recovery strategy for the area; these awards would respond to unmet needs for public infrastructure improvements or alternative projects that are not adequately addressed by FEMA or other Federal agencies. It is anticipated that EDA program funding will be available for infrastructure to facilitate the relocation of commercial/industrial areas in accordance with local economic recovery strategies. EDA funds are not available for housing relocation.

Program coordination - Through the mechanism of the Inter-agency Task Force for Flood Disaster Assistance, EDA will coordinate with other agencies at the program level and at headquarters to expedite efforts to eliminate program duplication. EDA coordinates program activity with other agencies within Commerce through existing mechanisms already in place.

**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 \$22.3 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.

Community Development Block Grant (CDBG) funds from HUD can also be used to support this priority. States and some entitlement cities are receiving \$200 million from HUD to support a broad range of community development activities related to repair, replacement, and restoration of flood-damaged facilities. This includes acquisition of real property. CDBG funds were allocated on a formula basis using housing and public facility damage estimates. States set priorities and distribute funds to smaller local governments, while entitlement cities receive funds directly and make decisions on what activities to pursue. HOME funds in the amount of \$50 million have also been distributed to States and some larger cities. While States and cities make decisions on which projects to undertake, HOME program requirements restrict its use to rehabilitation, property elevation, and new housing construction.

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. The State plays an important role in this effort. As grantee, the State is responsible for setting project priorities and distributing both FEMA HMGP and HUD CDBG and HOME funding. FEMA is working closely with all nine States and has asked each to appoint a State Hazard Mitigation Officer as a point of contact.

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 ensure 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. 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 standardize policies and procedures where possible and ensure smooth implementation.
2. 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.
3. Priority for grant assistance should be given to meeting the needs of low and moderate income persons lacking resources to reestablish themselves.
4. 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.
5. Priority should be given to projects where property owners voluntarily elect to participate.
6. Depending on the needs of the community or property owner, amounts paid for structures acquired with Federal funds should be based on a variety of considerations, including pre-flood and/or post-flood values, relocation assistance available, and the tax consequences of acquisition.
7. Priority should 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.
8. Wherever 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.
9. Financing of levee repairs is being coordinated closely with relocation efforts to ensure that these two processes are not in conflict.
10. Rental assistance for displaced tenants of acquired property is available through FEMA's Disaster Housing program.

FEMA's goal is to ensure that 100 percent of the affected communities, and the individuals and businesses in them, are notified of the availability of programs that can assist in funding such projects, 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 Washington.

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.

y Federal Programs For Property Acquisition, Relocation, and Elevation

Federal Emergency Management Agency (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. The amount of funding available is based on 10% of the estimated Federal share for permanent repair of public facilities and infrastructure. FEMA estimates that a total of \$22.3 million will be available to the nine affected States for this program. New legislation has been introduced in Congress which would increase the Federal contribution for this program to 75 % of project costs, and increase the available funding to 15 % of all disaster assistance grants (approximately \$105 million for the nine Midwest disasters).
- 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 (Funds available through the Disaster Relief Fund) 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 \$12,200. 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 (PA) program generally provides assistance (90 % Federal contribution from the Disaster Relief Fund) to States and local governments for

permanent repair of public facilities and infrastructure. PA 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.

Department of Housing and Urban Development (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. States and some entitlement communities are receiving an additional \$200 million from the Supplemental Appropriation Bill, 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** for disaster assistance provides grants to States, larger cities, urban counties, and consortia for permanent housing for low-income persons. Allocations are based on a formula considering housing damage in the flood areas. Individuals receiving assistance must be low-income (80% of median income). The assistance may be provided in the form of loans or grants for housing for homeowners, homebuyers, or renters. It may be used for new construction, rehabilitation (including elevating housing), acquisition of housing, or for tenant-based rental assistance. \$50 million was provided in the Supplemental Appropriations Bill. The Bill authorized waiving HOME Program statutory and regulatory requirements. This authority was used to waive application requirements and numerous other program requirements to streamline the program.

Small Business Administration (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 to homeowners for up to \$100,000 for real estate and up to \$20,000 for personal property; to renters for up to \$20,000 for personal property; and to businesses

\$1,500,000. SBA loans may also be used to refinance existing mortgages in some instances.

Farmers Home Administration (FmHA) 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.
- FmHA can assist existing borrowers to sell their substantially damaged homes as chattel to be removed from the site in exchange for FmHA agreement to forgive any loan balance when the vacant lot is deeded to the local government with restricted covenants. If this is not possible, FmHA can acquire the property by conveyance, conduct sealed bid (or other disposal method) for sale of the house as chattel to be removed from the site, and deed the property to the local government with restrictive covenants. Debt settlement for any remaining debt could be completed after considering borrower's assets and ability to pay any outstanding balance.

United States Army Corps of Engineers (USACE) Programs:

- The USACE does not have authority to relocate or elevate flood-damaged structures in lieu of levee repair. However, the USACE normal water resources program does allow the Corps to study the feasibility of a flood control project. The feasibility study must include an investigation of the alternative of relocating homes out of the floodplain or elevating the homes in lieu of structural measures. The projects resulting from

feasibility studies must be authorized by Congress. This is a lengthy process, up to 15 years from start to finish. The Section 205 Program circumvents the Congressional authorization process, but the Federal limit is \$5 million, and these projects take several years to complete.

Economic Development Administration (EDA) Programs:

- The EDA will make grant awards to assist communities, industries, and firms, adversely impacted by the Midwest floods to assist in the long term economic recovery of the affected area. The Administration has received approximately \$100 million through the supplemental appropriation for its programs in the affected communities in the Midwest. In general, EDA will use its existing procedures for processing proposals and applications for disaster recovery assistance as outlined in EDA's annual Availability of Funds Notice published in the Federal Register of January 11, 1993, Volume 58 Number 6. Types of available assistance include: economic recovery strategy grants to help local communities develop a comprehensive recovery plan and follow-on implementation projects; and implementation project grants.