CDBG-DR, BW-12, CRS and Dauphin County, PA: What do they have in common?

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Today's Speaker

Kristen Gelino – Hazard Mitigation Planner, Tetra Tech, Inc.
- 2 years experience in floodplain management
- Primarily works on CRS compliant floodplain management and multi-hazard mitigation plans

Rob Flaner – Hazard Mitigation Program Manager, Tetra Tech, Inc.
- Over 25 Years experience in floodplain management
- Former ISO/CRS specialist
- Has worked with over 150 CRS communities in 10 states, spanning 8 FEMA regions
What are We Going to Talk About?

• CDBG-DR: What is it?
• BW-12/ HFIAA economic impacts on recovery
• Increased focus on the Community Rating System
• Case Study-Dauphin County, PA
• Lessons learned
Community Development Block Grant-Disaster Recovery

- Administered by HUD (Housing & Urban Development)
- Program is meant to *supplement* not replace other disaster assistance programs.
- Grants are non-competitive and non-reoccurring.
- **Must be applied to meeting recovery need unmet by other Federal disaster assistance programs.**
CDBG-DR

What is it?

Uses for CDBG-DR funds

- Necessary expenses related to disaster relief
- Long-term recovery
- Restoration of infrastructure, housing, and economic revitalization
# CDBG-DR

## How does it work?

<table>
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<th>Each Activity Must</th>
<th>1. Address a disaster-related impact (direct or indirect) in a Presidentially-declared county for the covered disaster;</th>
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<td>2. Be a CDBG eligible activity (according to regulations and waivers); and</td>
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<td>3. Meet a national objective.</td>
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| Additionally       | 50% of the funding must go to low/moderate income persons. |

Eligible communities must develop a CDBG-DR Action Plan.
The CDBG-DR National Objectives

- Benefit persons of low and moderate income
- Aid in the prevention or elimination of slums or blight,
- Meet other urgent community development needs because existing conditions pose a serious and immediate threat to the health and welfare of the community where other financial resources are not available.

Incorporating preparedness and mitigation into these actions is encouraged!
Examples of Eligible Activities

- Buying damaged properties in a flood plain and relocating residents to safer areas;
- Relocation payments for people and businesses displaced by the disaster;
- Debris removal not covered by FEMA;
- Rehabilitation of homes and buildings damaged by the disaster;
- Buying, constructing, or rehabilitating public facilities such as streets, neighborhood centers, and water, sewer and drainage systems;
- Code enforcement;
- Homeownership activities such as down payment assistance, interest rate subsidies and loan guarantees for disaster victims;
- Public services (generally limited to no more than 15 percent of the grant);
- Helping businesses retain or create jobs in disaster impacted areas; and
- **Planning and administration costs (limited to no more than 20 percent of the grant).**
Planning and Administrative Costs

• Broad activity that can be used to aid the Grantee in:
  ➔ establishing internal controls to ensure performance and compliance and monitor sub-recipients for the same;
  ➔ *providing technical assistance to sub-grantees and sub-recipients*;
  ➔ reviewing project applications to ensure that all activities are eligible;
  ➔ ensuring activities are compliant with all other requirements, such as Section 3, and affirmatively furthering fair housing; and
  ➔ tracking progress to ensure timely recovery.
Passed May of 2012
Eliminated the pre-FIRM subsidy
Eliminated grandfathering
Move towards actuarial rates (elevation rated) for all policies to be phased in over a time frame
Increased funding for hazard mapping
Homeowner Flood Insurance Affordability Act

- Repealed and modified provisions of BW-12
  - Many BW-12 provisions remained
  - Lowered rate increases (no more that 18% annually)
  - Increased surcharge for pre-FIRM properties ($25 for primary residence, $250 for all others)
  - Tasked FEMA to perform an affordability study on flood insurance rates within 5 years
  - Revised grandfathering rules until a new rate structure is put in to place based on recommendations from the affordability study
  - Instituted higher deductible options
  - Rates cannot exceed 1% of the coverage amount
• Flood insurance reform shed a new light on CRS.
• While the CRS could not mitigate all the impacts from the move to full actuarial rates, it could soften the blow.
• Politicians feeling the need to do something!
• Communities that had passed on CRS in the past, are now thinking maybe!
• What about Compliance?
• What about a new, more demanding manual?
• How to pay for it?
• For non-participating communities, can you actually get enough CRS benefit to make a difference?
• Will a 10% reduction on flood insurance really make a difference when rates will go up as much as 18% per year until 2018?
Case Study

The Dauphin County, PA Story
Located in the southeastern portion of PA
Harrisburg is the County seat
Population = 271,453 (2014)
Area = 558 Square miles
Home to 3-Mile Island Nuclear Plant Hershey Park
Susquehanna River
32 participating NFIP Communities
1 currently participating CRS community (Harrisburg)
3,255 flood insurance policies in force with an annual premium of $4,587,503
Dauphin County and Ike, Lee, Irene and Sandy!

- $150 Million in property damages from Tropical Storm Lee
- $700,000 in crop damages
- Animals were euthanized at Hershey Park Zoo to avoid drowning
- 80% of the County’s municipalities reported damages
- Approximately 300 homes destroyed, and another 2,000 reporting substantial damages
So how can Flood Insurance Reform impact Recovery?

- Economic downturn beginning in 2008
- Several significant flood events since 2008 (Ike, Lee, Irene, and Sandy).
- Condition of receiving disaster assistance in the SFHA was the purchase of Flood Insurance.
- Damaged areas were slower to recover from the economic downturn.
- Flood insurance reform hit when portions of the country were not fully recovered from the economic downturn.
- People that could not afford the flood insurance were turning down disaster assistance (mitigation funding).
The Impacts

• Dauphin County was a direct entitlement county for CDBG-DR funding from Lee and Irene.
• Flood Insurance reform was impacting recovery!
• Commissioners were committed to sound flood mitigation practices in the County.
• Wanted to use some of this available funding to do something to mitigate the rising costs of flood insurance.
Dauphin County’s New Program

• County-lead FEMA Community Rating System (CRS) program
  – Provide technical support to municipalities interested in participation in the CRS program
  – 2 pronged approach
    • Baseline assessment
    • CRS application assistance
  – Long term solution to reduce flood insurance rates of property owners and to mitigate flooding

• Is being funded by CDBG-DR funds
How will this work?

– Municipal Officials Conference to introduce the program
– Interested communities submitted a letter of intent to participate in this program.
– Municipalities will either...

Not participate in the CRS Program Assessment because:
• Too many violations are known to exist
• Contain only a few flood-prone properties and therefore the costs of compliance may be too high
• Contain no flood-prone properties
• Elected officials do not want to participate

Participate in the CRS Program Assessment
The BATool!™
What is it?

• It is a tool designed to ask and evaluate:
  – Is a Community’s floodplain management program “programmatic”?

• The BATool asks questions, for which the answers are quantified.

• Every community will get a score, that can be used for:
  – CAV screening
  – Probability of CRS success
  – Mitigation capability
  – Or whatever we want to measure to establish a baseline
The BATool is built in Excel

Asks 53 questions

Answers are scored and then weighted based on the importance given to the question in terms of “is it programmatic?”

Simple in concept, but the evaluator will need know how to gage and interpret a response

The evaluator will gather some information up front

How does it work?
The idea behind the tool is CRS driven, but has the flexibility to be adapted.

Wanted to attempt to gage the potential to succeed in CRS, and stay in CRS

This is not a self-evaluation

Interview to be given by a knowledgeable 3rd party reviewer that understands the principles behind each question
Once the interview is completed, the scores will be compiled. Each community will be designated as “red, yellow or green.” Feedback in the form of “improvement statements” will be provided to each participant.

**Green**
- Means Go! Program appears to be programmatic and community should be able to achieve and maintain a CRS class.

**Yellow**
- Means proceed with caution. Community has pieces of a complete program, but there are deficiencies that should be addressed before getting in to CRS.

**Red**
- Means, don’t do it! Your program is not ready for the rigors of CRS.
How will this work? Phase 2

- For those communities that......
  - Were identified as “green” from phase 1
  - Want to formally apply to CRS
  - Receive compliance certification from the State or FEMA

- Project team will assist in preparation and submittal of application to CRS program
- Project team will support each community through the CRS verification process
Where are we in this process?

• All Phase 1 interviews have been completed
  – 9 communities scored green
  – A lot of positive feedback from the participants
  – A CRS Impact Analysis Report will be prepared for “green” communities.
The CRS Impact Analysis Report

• Will summarize CRS credit criteria for all 19 CRS activities
• Will summarize community’s NFIP Compliance status
• Will identify State approved uniform minimum credit
• Will identify CRS activities for which community may be eligible for credit
• Recommendation of CRS classification potential
• Summarizes flood insurance statistics for the community
• Provides a CRS “what if” scenario analysis
What have we learned so far?

- CDBG-DR can provide for mitigation opportunities many of us have not considered.
- CRS is an eligible activity under CDBG-DR.
- The increased interest in CRS provides us so many different opportunities to engage communities and promote sound floodplain management.
- The need and desire of technical assistance at the local level is huge!
- It is possible to regionalize components of CRS.
- It works! We are seeing communities respond.
Thank you!

Rob Flaner, CFM
Hazard Mitigation Program Manager
Tetra Tech, Inc.
rob.flaner@tetratech.com

Kristen Gelino, MUP
Hazard Mitigation Planner
Tetra Tech, Inc.
kristen.gelino@tetratech.com