

# Mitigation Saves: For Riverine Flood Mitigation, Federal Grants Provide \$7 Benefit for Each \$1 Invested

## EVERY AMERICAN FACES NATURAL HAZARDS, AND THE RISK IS GROWING

U.S. disaster losses from wind, floods, earthquakes, and fires now average \$100 billion per year, and in 2017 exceeded \$300 billion—25% of the \$1.3 trillion building value put in place that year. Fortunately, there are affordable and highly cost-effective strategies that policymakers, building owners, and the building industry can deploy to reduce these impacts. These strategies include adopting and strengthening building codes, upgrading existing buildings, and improving utilities and transportation systems. The benefits and costs associated with these mitigation measures have been identified through the most exhaustive benefit-cost analysis of natural hazard mitigation to date and documented in Natural Hazard Mitigation Saves. The study was funded by three federal agencies and four private-sector sponsors and produced by the National Institute of Building Sciences – the nation’s Congressionally chartered convener of experts from the building professions, industry, labor, consumer interests, and government. For the report and accompanying fact sheets, see [www.nibs.org/mitigationsaves](http://www.nibs.org/mitigationsaves). This fact sheet summarizes the study findings and significant savings associated with various mitigation measures.

- Adopting the latest building code requirements is affordable and saves \$11 per \$1 invested. Building codes have greatly improved society’s disaster resilience, while adding only about 1% to construction costs relative to 1990 standards. The greatest benefits accrue to communities using the most recent code editions.
- Above-code design could save \$4 per \$1 cost. Building codes set minimum requirements to protect life safety. Stricter requirements can cost-effectively boost life safety and speed functional recovery.
- Private-sector building retrofits could save \$4 per \$1 cost. The country could efficiently invest over \$500 billion to upgrade residences with 15 measures considered here, saving more than \$2 trillion.
- Lifeline retrofit saves \$4 per \$1 cost. Society relies on telecommunications, roads, power, water, and other lifelines. Case studies show that upgrading lifelines to better resist disasters helps our economy and society.
- Federal grants save \$6 per \$1 cost. Public-sector investment in mitigation since 1995 by FEMA, EDA, and HUD cost the country \$27 billion but will ultimately save \$160 billion, meaning \$6 saved per \$1 invested.

National Institute of BUILDING SCIENCES™		ADOPT CODE	ABOVE CODE	BUILDING RETROFIT	LIFELINE RETROFIT	FEDERAL GRANTS
<b>Overall Benefit-Cost Ratio</b>		<b>11:1</b>	<b>4:1</b>	<b>4:1</b>	<b>4:1</b>	<b>6:1</b>
<b>Cost (\$ billion)</b>		<b>\$1<sub>/year</sub></b>	<b>\$4<sub>/year</sub></b>	<b>\$520</b>	<b>\$0.6</b>	<b>\$27</b>
<b>Benefit (\$ billion)</b>		<b>\$13<sub>/year</sub></b>	<b>\$16<sub>/year</sub></b>	<b>\$2200</b>	<b>\$2.5</b>	<b>\$160</b>
 <b>Riverine Flood</b>		<b>6:1</b>	<b>5:1</b>	<b>6:1</b>	<b>8:1</b>	<b>7:1</b>
 <b>Hurricane Surge</b>		not applicable	<b>7:1</b>	not applicable	not applicable	not applicable
 <b>Wind</b>		<b>10:1</b>	<b>5:1</b>	<b>6:1</b>	<b>7:1</b>	<b>5:1</b>
 <b>Earthquake</b>		<b>12:1</b>	<b>4:1</b>	<b>13:1</b>	<b>3:1</b>	<b>3:1</b>
 <b>Wildland-Urban Interface Fire</b>		not applicable	<b>4:1</b>	<b>2:1</b>	not applicable	<b>3:1</b>

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**TABLE 1.** Nationwide average benefit-cost ratio by hazard and mitigation measure. BCRs can vary geographically and can be much higher in some places. Find more details in the report.

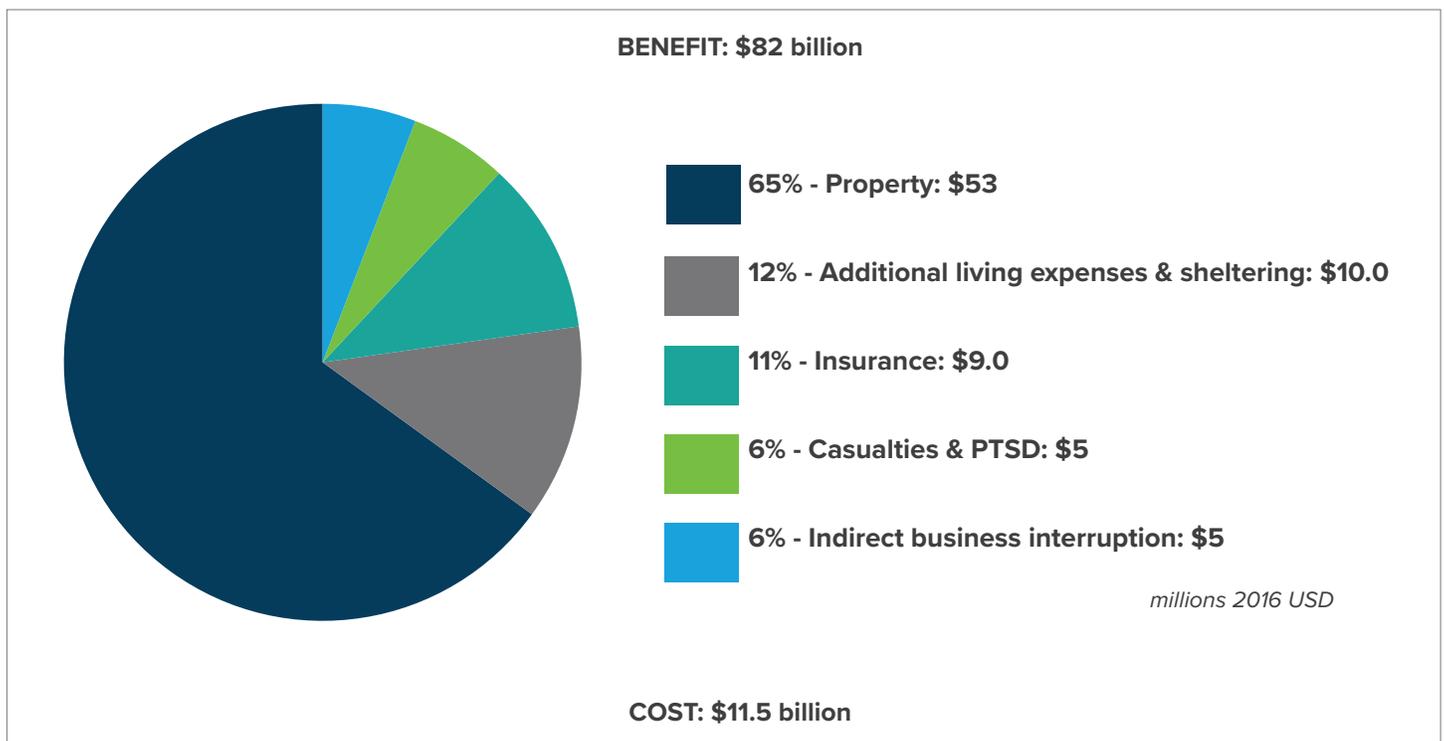
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### RESULTS OF FEDERAL GRANTS FOR FIRE MITIGATION

The public-sector mitigation strategy examined for flood resistance is the acquisition or demolition of flood-prone buildings, especially single-family dwellings, manufactured homes, and 2- to 4-family dwellings. While the benefit-cost ratio (BCR) varies across projects, public-sector mitigation spending for the acquisition of buildings exposed to riverine flooding appears to be cost-effective. The average BCR across the sample projects is approximately 7:1. The implication is that past federally funded riverine flood mitigation is cost-effective (at the cost-of-borrowing discount rate). Given that the total cost of

all riverine flood-mitigation grants was \$11.5 billion, a BCR of 7:1 implies that federally funded flood mitigation will ultimately save the United States \$82 billion. Table 1 provides BCRs for each natural hazard the project team examined. Figure 1 shows the benefits specifically attributable to federal flood mitigation grants. The national-level BCRs aggregate study findings across natural hazards and across state and local BCRs.



**FIGURE 1.** Contribution to benefit from federally funded riverine flood grants.