

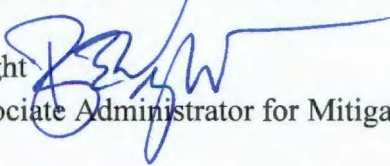


FEMA

AUG 15 2013

MEMORANDUM FOR: Regional Administrators
Regions I-X

ATTENTION: Regional Mitigation Division Directors
Hazard Mitigation Assistance Branch Chiefs

FROM: Roy E. Wright 
Deputy Associate Administrator for Mitigation

SUBJECT: Cost Effectiveness Determinations for Acquisitions and Elevations
in Special Flood Hazard Areas

Projects that are eligible for funding under the Hazard Mitigation Assistance (HMA) programs must be cost effective, i.e., have a Benefit Cost Ratio (BCR) equal to or greater than 1.0. The Risk Reduction Division has completed an analysis of 11,000 acquisition and elevation projects and determined that the average benefits for each type of project were \$276,000 and \$175,000 respectively. Therefore, FEMA has determined that the acquisition or elevation of a structure located in the 100-year floodplain (as delineated on the Flood Insurance Rate Map or based on best available data) that costs less than or equal to the amount of benefits listed above is considered cost effective. For projects that contain multiple structures, the average cost of all structures in the project must meet the stated criterion. There is no need for applicants to conduct a separate benefit cost analysis for a structure that meets this criterion.

Additionally, the specific geographic location of structures can greatly increase acquisition and elevation costs. The amount of benefits identified above may be adjusted by the applicant or subapplicant using locality multipliers that are included in industry accepted cost and pricing guides for construction. If a multiplier is used, a copy of the source document must be included as part of the grant application for review and the methodology demonstrated for the increase of benefits. Also, the applicant or subapplicant should use the most up-to-date locality multiplier at the time of application.

To qualify for these pre-calculated benefits, applicants must provide maps with the structure footprint clearly identified and the 100-year Special Flood Hazard Area (SFHA) delineated (Flood Insurance Rate Map or best available data) as part of the grant application. If the structure or any part of the structure lies in the 100-year SFHA, the structure can utilize the pre-

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calculated benefits. Alternatively, first floor elevations (FFE) can be included for each structure as well as the base flood elevation (BFE) for that location. If the FFE is less than BFE, structures can use the pre-calculated benefits. No other detailed analysis will be required. These pre-calculated benefits can be used for structures in 100-year floodplains in riverine and coastal areas that meet the stated criterion.

This methodology satisfies the cost-effective requirements for the Flood Mitigation Assistance program, any disasters with an open grant application period as of the date of this memorandum, and future disasters. We will discuss the methodology used in the analysis in a future call with the HMA Branch Chiefs.

This determination advances FEMA's commitment to streamline the HMA programs by eliminating the need to perform a complete benefit cost analysis for each structure; reducing time involved in data collection, application development and review; and assisting communities in recovering from disaster more quickly. This memorandum does not replace or supersede the substantial damage benefit cost analysis waiver memorandum.

If you have any questions, please contact me directly at (202) 646-3461, or Kayed Lakhia, Deputy Director, Risk Reduction Division at (202) 646-3458.