This handout summarizes some of the more useful sources of funding for communities (and their residents) to use in reducing their exposure to repetitive flood losses. Additional copies of this handout are available by e-mailing NFIPCRS@ISO.com.

Funding Sources for Repetitive Loss Properties

The National Flood Insurance Program (NFIP) is continually faced with the task of paying claims while trying to keep the price of flood insurance at an affordable level. It has a particular problem with repetitive loss properties, which are estimated to cost $200 million per year in flood insurance claim payments. Repetitive loss properties represent only one percent of all flood insurance policies, yet before Hurricane Katrina, they accounted for nearly one-third of the claim payments (over $4.5 billion to date).

Mitigation of the flood risk to these repetitive loss properties will reduce the overall costs to the NFIP as well as to individual homeowners. Accordingly, over the years, Congress has created a variety of funding sources to help repetitive loss property owners reduce their exposure to flood damage. The Federal Emergency Management Agency (FEMA) now has five grant programs and one insurance benefit. More information on these programs can be found on these websites.

- Hazard Mitigation Grant Program (HMGP) – a grant made available after a Presidential disaster declaration (http://www.fema.gov/government/grant/hmgp/index.shtm)
- Flood Mitigation Assistance (FMA) – a grant that your community can apply for each year (http://www.fema.gov/government/grant/fma/index.shtm)
- Pre-Disaster Mitigation (PDM) – a nationally competitive grant that your community can apply for each year (http://www.fema.gov/government/grant/pdm/index.shtm)
- Repetitive Flood Claims (RFC) – a grant that FEMA administers for certain repetitive loss properties when there is no local government sponsor (http://www.fema.gov/government/grant/rfc/index.shtm)
- Severe Repetitive Loss (SRL) – a grant that is reserved for "Severe" repetitive loss properties, i.e., those whose flood insurance policies are administered by FEMA's Special Direct Facility rather than a private insurance company (http://www.fema.gov/government/grant/srl/index.shtm)
- Increased Cost of Compliance (ICC) – an extra flood insurance claim payment that can be provided if an insured building was flooded and then declared substantially damaged by the local permit office (http://www.fema.gov/library/viewRecord.do?id=3010)
- Small Business Administration (SBA) – low interest loans that can fund repairs and mitigation projects after a disaster declaration (http://www.sba.gov/services/disasterassistance)

Most of the FEMA grants provide 75% of the cost of a project. The owner is expected to fund the other 25%, although in some cases the state or local government may contribute to the non-FEMA share. ICC pays 100% (up to $30,000) of the cost of bringing the damaged building up to the local ordinance's flood protection standards.

Each program has a different Congressional authorization and slightly different rules (summarized in the table on the next page). States and communities set their own priorities for the use of the grant funds, but they are strongly encouraged to address their repetitive flood problems. In no case can a FEMA grant be used on a project without the completely voluntary agreement of the owner.