




FEMA

OCT 08 2013

MEMORANDUM FOR: Regional Administrators
Regions I-X

ATTENTION: Regional Mitigation Division Directors
Hazard Mitigation Assistance Branch Chiefs

FROM: David L. Miller 
Associate Administrator
Federal Insurance and Mitigation Directorate

SUBJECT: Cost Effectiveness Determinations for Acquisitions and Elevations in Special
Flood Hazard Areas Using Pre-calculated Benefits

This memorandum supersedes the August 15, 2013 version and clarifies the use of pre-calculated benefits to determine cost effectiveness of elevations and acquisitions in Special Flood Hazard Areas (SFHA). The Risk Reduction Division analyzed over 11,000 structures acquired or elevated and found that the average benefits for each project type are \$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 (FIRM) 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.

This methodology is available for all Hazard Mitigation Assistance (HMA) grant programs and can be applied to new applications as well as pending projects where the application period has expired. Additionally, pre-calculated benefits can be used to evaluate cost overruns for approved projects, if a new cost effectiveness review is being performed.

The specific geographic location of structures can increase acquisition and elevation costs. The benefit amounts identified above may be adjusted by using the most current locality multipliers included in industry accepted construction cost guides. If a multiplier is used, a copy of the source document must be included as part of the grant application.

The applicant or subapplicant must provide a map that clearly identifies the structure's footprint and delineates the 100-year SFHA, using the FIRM or best available data. If any part of the structure lies within the 100-year SFHA, the applicant or subapplicant can use the pre-calculated benefit value to demonstrate cost effectiveness. As an alternative, First Floor Elevation (FFE) and Base Flood Elevation (BFE) can be provided for each structure. If the FFE is lower than the BFE, pre-calculated benefits can be used to demonstrate cost effectiveness. No other detailed analysis is required. These pre-calculated benefits can be used in 100-year floodplains in riverine and coastal areas.

Pre-calculated benefits cannot be used to estimate costs. Cost estimates must be based on industry standards, vendor estimates or other acceptable sources. Only documented, eligible costs for completed work will be reimbursed.

This memorandum does not replace or supersede the benefit cost analysis waiver for acquisition of substantially damaged residential structures in riverine floodplains.

This determination advances FEMA's commitment to streamline the HMA programs by eliminating the need for complete benefit cost analysis for each structure located within a 100-year floodplain. This reduces time and resources needed for data collection, analysis and review, and allows communities to recover from disasters more quickly.

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