



U.S. Department of Housing and Urban Development
Pacific/Hawaii Office
450 Golden Gate Avenue
San Francisco, California 94102-3448

FLOOD INSURANCE REQUIREMENTS GUIDANCE (24 CFR 58.6)

The Flood Disaster Protection Act, Section 202(a), prohibits federal financial assistance for buildings located in Special Flood Hazard Areas (SFHA's) within communities not participating in the National Flood Insurance Program.

Section 102(a) mandates the purchase of flood insurance for buildings located in SFHA's, as a condition of approval for federal financial assistance. Flood insurance protection is mandatory for acquisition, construction, reconstruction, repair and improvement activities. Flood insurance is not required for routine maintenance or for “small loans”. Small loans are those with an original outstanding principal balance of \$5,000 or less, and with repayment terms of 1 year or less. Formula grant allocations to States are also not subject to the mandatory, statutory flood insurance requirements.

RESPONSIBLE ENTITY RESPONSIBILITIES

Responsible entities with projects located in SFHA's must ensure that flood insurance is maintained for the statutorily-prescribed period and dollar amount of flood insurance coverage.

Duration of Flood Insurance Coverage

Flood insurance must be maintained for the life of the building. For loans, flood insurance must be maintained for the term of the loan.

Proof of Purchase

The standard documentation for compliance is the Policy Declaration form issued by the National Flood Insurance Program or issued by any property insurance company offering coverage under the NFIP. Any financially-assisted SFHA building lacking a current Policy Declaration form is in non-compliance.

Dollar Amount of Flood Insurance Coverage

The amount of flood insurance coverage must be at least equal to the total project cost (less estimated land cost) or to the maximum limit of coverage made available by the Act with respect to the particular type of building involved, whichever is less. The project cost is defined as the total cost for acquiring, constructing reconstructing, repairing, or improving the building. This cost covers

both the federal and matching funds, including those used for fixtures and furnishings as part of the project.

**FLOOD INSURANCE is recommended but not required for
ROUTINE MAINTENANCE ACTIVITIES**

“Routine maintenance” activities within SFHA’s fall below the threshold of building repair or improvement, the statutory terms used in Section 3(a)(4) of the FDPA.

Routine maintenance activities merely keep a building in good operating condition; they do not add to the value of the building, appreciably prolong its useful life or adapt it to new uses. Examples: painting exterior or interior, fixing gutters or floors, mending leaks or plastering, replacing thermostats, broken window panes or door locks.

In contrast, these activities are considered repairs: adding a room, putting in new plumbing, replacing the electrical wiring system or air conditioning system, installing a new roof, replacing a boiler (other major equipment), any comprehensive remodeling or fix-up.

Routine maintenance activities also do not trigger the Eight Step Decision Making Process at §55.20.

Audrey E. Scott,
General Deputy Assistant Secretary for CPD,
May 5, 1989

Eight Step Planning Process for Floodplain/Wetland Management



EO 11988: Floodplain Management EO 11990: Wetland Protection (Note: See 44 CFR 9.6 for more detailed information.)

STEP #1

Will the action be located in a wetland and/or the 100-year floodplain or will it have the potential to affect a wetland or floodplain?

- ▶ *If no, you are finished*
- ▶ *If yes, continue to step #2*

STEP #2

A public notice must be published at the earliest possible time to provide information about the proposed project (1st Notice).

(See Page 10 for Sample Notice)

- ▶ *Not applicable, you are done*
- ▶ *Applicable, move on to step #3*

STEP #3

Is there any reasonable alternative to locating the project in a floodplain or wetland?

- ▶ *If yes, FEMA must locate the action at the alternative site*
- ▶ *If no, continue to step #4*

STEP #4

If the action must go in the wetlands or floodplain then the full range of impacts associated with the action must be identified.

- ▶ *Not applicable, you are done*
- ▶ *Applicable, move on to step #5*

STEP #5

All potential adverse impacts must be avoided, minimized, or compensated for.

- ▶ *Not applicable, you are done*
- ▶ *Applicable, move on to step #6*

STEP #6

Reevaluate the proposed action to determine if it is still practicable in light of its exposure to flood hazards, the extent to which it will aggravate the hazards of others, and its potential to disrupt floodplain and wetland values.

- ▶ *Not applicable, you are done*
- ▶ *Applicable, move on to step #7*

STEP #7

2nd public notice (2nd Notice) must be published (for a minimum of 15 days) to explain why affecting a floodplain or wetland is the only practicable alternative. (See Page 11 for Sample Notice)

- ▶ *Not applicable, you are done*
- ▶ *Applicable, move on to step #8*

STEP #8

Review the implementation and post-implementation phases of the proposed action to ensure that the requirements of the order are fully implemented. Oversight responsibility shall be integrated into existing processes.

- ▶ *Not applicable, you are done*
- ▶ *Applicable, approval conditioned on review of implementation and post-implementation phases to insure compliance of the Executive Orders*

8-STEP EXAMPLE

(SITE SPECIFIC REVIEW)

Transitional Housing Program for Homeless Families with Children (Project No. CA39T91-1034)
Decision Process for E.O. 11988

Step 1

The project site is located within the A99 flood zone, as indicated on Flood Insurance Rate Map (FIRM) Panel no.060266-0025 E, dated November 15, 1989.

HUD proposed rule 24 CFR 55 (FR 865, January 4, 1990) states that 1-4 existing single family units are interpreted to be "categorically excluded" from E.O. 11988. However, this is a multifamily housing project, and therefore, an evaluation of direct or indirect impacts associated with occupancy or modification to the floodplain is required.

The proposed project, **Transitional Housing Program for Homeless Families with Children**, includes acquisition of three parcels of land, including substantial rehabilitation of the buildings at 3201 "W" Street and 3242 "V" Street, and construction of a building on the vacant parcel at 3200 "V" Street to provide offices, meeting rooms and classrooms in support of this Transitional Housing project. The residential units located at 3201 "W" and 3242 "V" Streets would provide 5 and 7 units, respectively, upon completion of their rehabilitation (pages 52 and 61 of amended application, 4/13/92).

The Lower American River system has not been a natural floodplain for many years. The system is controlled by a series of levees (constructed or reconstructed by Corps of Engineers between 1952 and 1958), and Folsom Reservoir (constructed in 1956). (American River Feasibility Study, 4/91, pg. 11-10; and the American River DEIS, 4/91, pg. 8-10). Therefore, no further impacts to the floodplain would result from this project. However, loss of life and damage to property is still a concern and will be the focus of this analysis.

Step 2 Early Public Review.

A public notice concerning the project was published in the Sacramento Bee, the local and regional newspaper for the Sacramento Valley area, on April 29, 1992. The target groups were persons residing in the greater Sacramento area, including the floodplain residents. (see SAMPLE NOTICE ATTACHED).

Mr. Jack Eldridge, Chief, National Technical Hazard Division, Federal Emergency Management Agency, Region IX, and Mr. Bill Nagel, Engineering City of Sacramento, CA were contacted in April 1992 regarding mitigation requirements for the A99 zone (specifically, local ordinances that must be implemented when structures are located within the 100-year floodplain).

Step 3 Alternatives Considered

The Sacramento Housing and Redevelopment Agency's (SHRA) criteria for selecting a project site included:

- a) The project could not cause current residents to become displaced;
- b) The project must be within City limits in order for 1990 Tax Allocation Bond proceeds to be used by SHRA to meet the program requirements for matching local funds;
- c) The project could not exceed 30 units in size to be economically feasible and to facilitate community acceptance of the project.

Alternative A - Locate the Project Within the Floodplain

When the November 15, 1989, Flood Insurance Rate Maps were issued by FEMA, a large percentage of both Sacramento County and the City of Sacramento was determined to be within the 100-year floodplain.

1. Locate the project at 3201 "W", 3200 "V" and 3242 "V" Streets which is within the A99 Zone.

The SHRA is using 1990 Tax Allocation Bond funds in conjunction with Community Development Block Grant funds to meet the Transitional Housing program requirement for matching local funds. The funds from the Tax Allocation Bond are to be used to benefit the "Merged Downtown Redevelopment Area". The SHRA was able to show good cause and that the project would benefit the Redevelopment Area so that bond proceeds may be used for the proposed project even though it lies outside the boundaries of the Redevelopment Area.

The proposed project site is within the influence of the American River system. As mentioned in Step 1, the American River has not been a natural river system for some time, and is not a typical floodplain. Control of the river waters is by levee systems and Folsom Reservoir. Together these controls have significantly modified the natural floodplain and replaced it with a managed system that extends to the Sacramento Delta. Therefore, further or substantial impacts to the floodplain will not occur as a result of the proposed construction and rehabilitation Transitional Housing project.

There is a chance that, by locating the project in a flood hazard area, a 100-year flood event may pose a threat to lives and property. The depth of the water at the proposed project site is estimated to be between 1 and 3 feet in height (U.S. Corps of Engineers maps, January 1989).

Only two of the 12 units available for housing are occupied. With the conversion and rehabilitation of the existing buildings, all 12 units will become occupied. However, the number of dwelling units will not be increased beyond what is currently available, and therefore, the number of people exposed to the flood hazard will not become magnified as a result of selecting this site.

2. Locate the project in the Del Paso Heights area

The City had considered another project site also located within the A99 zone in the Del Paso Heights area of the City at 402/404/406 Carroll Avenue. The proposal included acquiring a 12 unit apartment complex. However, this project was purchased under the State's Family Demonstration Rental Program just prior to HUD issuing its conditional approval to the City, and is no longer available as an alternative site.

Alternative B - Locate the Project Outside the Floodplain

Two locations in Rancho Cordova, within Sacramento County, that are located outside the 100-year floodplain (A99 zone) were considered for the proposed housing project. However, these proposed locations do not meet several of the criteria established, including being within the City limits, not displacing residents, exceeding 30 units in size, and economic feasibility.

Both sites were determined to be too large in size. One site had over 50 units and the second site had 44 units (11 fourplex facilities). Hence, these alternative locations did not meet the criteria of less than 30 units in size.

In addition, the 50-unit structure is also known to have serious problems with pipes and plumbing contained within its cement slab foundation. The anticipated costs for making necessary repairs will exceed the project budget, therefore this alternative site is, again, considered economically unfeasible.

Ownership of the 44 unit complex is presently controlled by Resolution Trust Corporation because of a Savings and Loan failure. It was uncertain as to when this issue would be settled; potential delays in resolution would hamper providing transitional housing immediately. Also, 60%-70% of the units are presently occupied. This would not meet the criteria of avoiding displacement of residents, and would increase the cost of the project as a result of relocating the current residents.

Furthermore, should either of these two sites be selected, the SHRA would not be able to show good cause and benefit to the Redevelopment Area and using the 1990 Tax Allocation Bond proceeds as part of the required matching funds would not be allowed.

Alternative C - No Action/Other Actions that Serve the Same Purpose

A no action alternative was considered, and rejected because of the results of a recent study by the Sacramento County Department of Social Services. This study produced evidence of a greater need for housing and public services for homeless families in the Sacramento area. It showed that the number of homeless families in Sacramento has increased by 25% over the past three years, and that there has been an increase in the number of families who repeatedly use shelters and other homeless services (i.e., more than one time annually). In addition, it showed there is a need for expanding the types of services required by homeless families in order to help them change the behaviors that render their household homeless. The Sacramento Housing and Redevelopment Agency has stated in its application to HUD that, with the current facilities and services available, Sacramento is not equipped to help homeless families that are seeking assistance.

Currently, emergency shelters are being used to house homeless families. A no action alternative would mean that the City must rely upon these shelters alone. However, emergency shelters are not designed to meet the needs of homeless families with children. They are simply for overnight use and do not provide a stable home-like environment that is required for a family to function as a unit. Neither do these emergency facilities provide specialized services to ensure transition to independent family living.

The proposed Transitional Housing project will provide both housing and appropriate supportive services for homeless families, with the goal of enabling them to move on to independent living within a 24 month period .

Step 4 Potential Impacts of the Proposed Project

Locating the project at 3201 "W", 3200 "V" and 3242 "V" Streets (within the 100-year floodplain) will not adversely affect the floodplain because the Lower American River is no longer natural and is currently controlled by a publicly and privately operated levees, as well as Folsom Reservoir (Draft Feasibility Report, American River Watershed Investigation, U.S Army Corps of Engineers, Sacramento District, April 1991 I Plate 2).

However, there is a potential hazard to residents of the proposed housing project and a potential for damage to property as a result of the project being located in the A-99 zone. Using the U.S. Corps of Engineers maps (dated January 1989), flood levels in this area appear to be between 1 and 3 feet in height.

Loss of human life as a result of levee failure is of greatest concern. In its Feasibility Study, the Corps estimates that the flood warning time required to safely evacuate people from the South Sacramento area (where the project is located) is between 7 and 9 hours. They further estimate that about 25 fatalities would occur during major flood event in the Sacramento area during a 100-year flood; and that *this* number would increase if the warning time was reduced or if evacuation routes became blocked (Public Health and Safety, page 111-18).

In previous discussions with Ray Lenaburg, Engineer, National Technical Hazards Division, Federal Emergency Management Agency (12/19/89) regarding what to expect from flood damage to structures, he stated that:

- 1-1.5 ft. flood level results in damage mostly to carpeting, curtains furnishing, etc.;
- 2 ft. flood level means a structure will sustain 20%-30% damage; and
- 3 ft. flood level a structure will sustain substantial damage (50% or more)

The City of Sacramento is a member of the National Flood Insurance Program and, therefore, any structure owned by the City (e.g., the Sacramento Housing and Redevelopment Agency) that is located within the A99 flood zone must be covered by flood insurance. Insurance will be purchased and maintained by the Finance Department for the Sacramento Housing and Redevelopment Agency.

Step 5 Opportunities to Minimize, Restore, Preserve the Values of the Floodplain

This project will not alter the floodplain beyond what has already occurred from the construction of levees and Folsom Reservoir to control the floodwaters of the Lower American River.

The entire project site is located within the A-99 zone, so there is no practical method available to redesign the project in order to reduce the potential flood danger to families occupying the housing project. Nor, are there cost effective methods for elevating any of the structure above the floodplain. To elevate the existing buildings above the floodplain would mean removing them from their foundations and filling the project site with dirt up

to 3 feet in height. The surrounding neighborhood would still be inundated by water; and, since the entire project site would then be higher than surrounding terrain, any off site drainage from the Transitional Housing project would need to be carefully controlled so as not to flood adjacent properties, even during light rainstorms.

Families served by this Transitional Housing project can occupy the residential units for up to two years. When housing clients are being accepted into the Transitional Housing program, and the general program rules are being explained, the prospective project residents must be notified by the Sacramento Housing and Redevelopment Agency (SHRA) that they are residing in a flood hazard area (per 24 CFR 55.21).

To minimize the potential danger to lives, the SHRA must also inform all residents, and any new residents moving into the project, that emergency information and area evacuation procedures during a flood event will be provided to the community by radio and television through the City's Emergency Broadcast System (Personal Communication with Christine Olsen, Public Information Office, City Manager's Office, (916) 264-5704, 6/2/92). In addition, local City Fire Department stations have been designated as Neighborhood Information Assistance Centers, and residents who do not own radios or televisions may get information on current flood warnings and evacuation information from those centers (Per. Comm. with Christine Olsen, 6/2/92). The nearest station to the proposed project site is Fire Station #4, at 3145 Granada Way in Sacramento (approximately 1 mile away). (Personal Communication with Joe Landren, Receptionist, City Fire Department, (916) 264-5266, 6/2/92). Fire Station #4 is just off of Alhambra Blvd., so residents could take the City bus to that location.

To further minimize the potential danger to lives, the SHRA should formulate a plan as to how it will ensure residents are evacuated in a timely manner.

To mitigate possible flood damage to the project, the SHRA will be required to purchase and maintain flood insurance on all buildings. Floodproofing will not be required for existing structures because it would not be practical or economically feasible. Economically, floodproofing is unfeasible because the lowest floor of the buildings would need to be raised to at or above the base flood elevation (i.e. minimum 1 foot and maximum 3 feet), which would make the cost of rehabilitating the structures prohibitive. Nor would it be practical to construct a flood wall surrounding the project because onsite and off site drainage would become an engineering problem.

One design modification has been made to the building being constructed at 3200 "V" Street. The specifications for that building will provide for breakaway walls on the first floor level to mitigate potential damage to the structure that may result from fast flowing floodwaters (Personal Communication with Mabel Furr, Project Manager, Sacramento Housing and Redevelopment Agency. (916) 440-1327, 6/2/92).

Step 6: Reevaluation of Alternatives

Although the proposed project site in Alternative A.1. is located within the 100-year floodplain, the Lower American River has not been a natural riverine system since 1958, and the project will not impact or alter the floodplain beyond what has already occurred as a result of construction of levees and the Folsom Reservoir that control the floodwaters of the river.

The threat of flooding to life and property as result of locating the project in the floodplain is still a concern. However, it is HUD's belief the City has adequate emergency systems

in place to give residents enough warning time to evacuate the project if there is danger of a levee breach or major flooding; and, that the purchase of flood insurance by the SHRA reasonably mitigates potential damage to property that may result from flooding.

Neither of the sites discussed in Alternative B are located within the floodplain. However, neither site effectively meets the criteria of the proposed project, including being within the City limits, not displacing residents, nor exceeding the economic limits and size limits for a manageable and viable project.

Neither is Alternative C a viable alternative because it will not help alleviate the identified need to provide assistance to the City's homeless families with children, and to help them to turn their living situation around.

Step 7: Determination of No Practicable Alternative

It is our determination that there is no practicable alternative to locating the project in the A-99 flood zone because: 1) the need for housing and for providing services to homeless families with children in the City of Sacramento must be met, 2) the number of dwelling units will not be increased beyond what is currently available, so additional persons will not be exposed to the flood hazard, 3) the project is economically feasible, and 4) no further impacts to the floodplain will occur as a result of the rehabilitation of the residential buildings, nor from construction of the office and services building (SEE SAMPLE NOTICE ATTACHED).

Step 8: Implementation of the Proposed Action

Review the implementation and post-implementation phases of the proposed action to make sure that any necessary mitigation is completed prior to proceeding with the activity.

EXAMPLE OF 1ST FLOOD NOTICE (STEP 2)

NOTICE OF PROPOSED IMPROVEMENTS AND DEVELOPMENT IN A FLOODPLAIN

The California Housing & Community Development Department (HCD) has conditionally approved a grant for the City of Sacramento. The grant is for a project that encompasses three parcels within the City of Sacramento, CA, at 3201 "W" Street, 2231 "V" Street, and 3242 "V" Street. All parcels (roughly 0.6 acres total) are located within the A99 flood zone identified on the Federal' Insurance Rate Map, No.060266-0025 E

The project includes the acquisition and rehabilitation of buildings at 3201 "W" and 3242 "V" Streets to provide 19 units of housing for homeless families with children, and construction of a building at 2231 "V" Street for offices and an indoor activity center.

The City of Sacramento has additional information on this project, and is preparing a review to determine if there are any practicable alternatives to locating the project in the floodplain, and to identify potential adverse impacts that may result from this project, as well as mitigation measures that may be necessary to protect the floodplain.

Written comments regarding this issue should be received within 15 days of publication of this notice in order to be considered by the City in its decision process. Comments should be sent to

EXAMPLE OF 2ND FLOOD NOTICE (STEP 7)

NOTICE OF APPROVAL OF A PROJECT LOCATED IN A FLOODPLAIN

A notice appeared in this newspaper on June 1, 2010, inviting comments regarding a project being proposed by the City of Sacramento to use grant funds from the California Housing & Community Development Department (HCD) to provide 12 units of housing for homeless families with children, an indoor activity center, and office space. The project site includes three parcels within the City of Sacramento, CA, at 3201 "W" Street, 2231 "V" Street, and 3242 "V" Street.

The City of Sacramento completed an evaluation concerning potential impacts on the floodplain and possible alternative actions. The conclusion was there is no practicable alternative to locating the project in the A-99 flood zone. No other sites or actions were available that would meet the needs of homeless families, would not cause other residents to be displaced, was within City limits to qualify for 1990 Tax Allocation proceeds, and would be economically feasible.

Alternatives considered included parcels outside the A-99 flood zone, no action, and other actions that serve the same purpose

Accordingly, HCD will approve this project subject to compliance with the National Flood Insurance Program, and their notifying residents about being located in a floodplain and of the City emergency alert systems. This infill project will not adversely impact the floodplain. Written comments regarding the City's determination should be received within 7 days of publication of this notice. Comments should be sent to