

# FLOOD QUESTIONS AND ANSWERS FROM MINNESOTA STATE AGENCIES

## Minnesota Housing Finance Agency

### **Monetary estimate of damage to private homes/how many?**

FEMA does not assess damage in dollar amounts. That being said, Small Business Administration (SBA) participated in the first 3 days of the Preliminary Damage Assessment (they did not stay for the whole thing because they want to make sure the area meets their threshold of 25 homes and/or 5 businesses with major damage in each declared county). To give you an idea, SBA assessed 411 homes with \$8,530,500 damage. They assessed 107 businesses with \$3,602,000.

FEMA's final damage assessment was 17 destroyed, 154 major, 419 minor and 479 affected for a total of 1069 homes. They accepted an additional 600 homes with minor damage without actually inspecting them. Then they estimate how much the FEMA assistance would be for those households. They estimated that their Housing and "other needs" programs would cost approximately \$7,470,287. This does not directly correlate to a dollar amount of damage. It is a dollar amount of assistance.

### **How many furnaces were damaged? How many water heaters were damaged? How many electrical boxes were damaged?**

There is not an assessment of these individual items. If we would have gotten an Individual Assistance declaration, this would be determined by a FEMA inspector. From a damage assessment perspective, we must assume that any home that was affected (or at least those with minor damage) would have furnaces, water heaters and electrical boxes that need to be inspected and/or repaired or replaced. A high estimate would be 1700 homes.

### **Explain the Quickstart program and other disaster recovery programs being funded under the Housing Finance Agency.**

Minnesota Housing's Quick Start loan is funded through the state's Economic Development and Housing Challenge program. Quick Start is a forgivable, no interest loan of up to \$30,000 per household. It is intended for homeowners who are unable to repair or rebuild their homes due to flood damage expenses that exceed private insurance, FEMA and SBA assistance. Quick Start loans can be used for capital improvements to return houses to their pre-disaster, or comparable, condition. No principal or interest payments need to be made during the term of the loan. The loan will be forgiven in 10 years as long as the home is the primary residence of the borrower. The loan principal must be repaid only if the borrower sells the house or no longer uses it as a primary residence within the 10 year loan period.

Due to the fact that there are a number of low income renters and homeowners who will be permanently displaced as a result of flood damage, Minnesota Housing requested funding for the Family Homelessness Prevention and Assistance Program (FHPAP) for this particular disaster. FHPAP funds would provide temporary assistance to these displaced renters and homeowners, and could be used to help pay for security deposits and first month's rent for those who are not able to pay the upfront costs for a new residence.

Lastly, Minnesota Housing provides support through the capacity building grant program to help local nonprofits with organizational support so that they can provide case management services, construction management, and volunteer coordination in support of the recovery efforts.

## Department of Employment and Economic Development (DEED)

### **MIF program questions: Are there caps on the loan amount?**

There no caps with the MIF program.

### **Do businesses have to be denied SBA assistance before qualifying?**

They do not have to be denied SBA for assistance.

### **Can businesses receive any help with lost revenues (through MIF or SBA loans?)**

The SBA can make loans for lost revenues, MIF loans are to replace/repair physical assets.

## **Homeland Security and Emergency Management (HSEM)**

### **Are propane tanks covered under the bill?**

**(Business and private)** No, because they are leased by individuals, and they are owned by propane companies. The propane companies may be eligible for MIF funds if they have suffered losses.

### **How did each State Agency put together their "need" estimate?**

State agencies reached out to the local communities that had needs related to the agencies' authority in Chapter 12A. They also learned of needs from them that may not be covered under Chapter 12A. They also talked to legislators/families. They surveyed affected businesses and families. They talked to people at the state Disaster Recovery Centers that were established. They conferred with me or other HSEM staff regarding what is covered by the FEMA public assistance program. The unmet needs were then put into their sections.

### **Explain the case management/long term recovery process pieces of the bill?**

HSEM now has the authority to hire and/or provide grants to local jurisdictions/non-profits/regional consortia to coordinate long term recovery committees. It is best for a community to have someone that can administer that process with situational awareness of what agencies can and are providing.

Case managers work directly with families to help them wade through the myriad of issues they will be facing and to ensure they are maximizing the assistance available.

Long term recovery coordination works with the system - Case management works with the families.

## **Department of Natural Resources(DNR)**

### **How will landslides be addressed in the bill?**

Potential landslides in the Fond Du Lac neighborhood in Duluth (and other areas if any exist) are covered by the language in the bill. And there is \$1 million of general funds in the flood hazard mitigation grants area so funds can be spent on private property to address the houses that are condemned due to potential landslides. The language is "funds may be used to acquire or relocate structures damaged or threatened by the impacts resulting from the rain storm. . ."

If the question refers to landslides that have already happened the landowner would address removal of the slide; for example where a slide is on a DNR trail we will remove the material. If the sediment ended up in public water there will be funds for removal of the sediment.

### **DNR explain the difference between funds used for "mitigation" vs. "improvements" vs. "not up to code"....what funding sources apply to each situation?**

Most mitigation would be looked at as an improvement for when the next flood happens. DNR flood hazard mitigation grants are used for buyouts of homes, pumping stations, levees, and similar works that would make the next flood fight easier. Past practice has shown that vacating the floodplain is one of the most effective ways to prepare for the next flood. These are primarily bond funds and improvements like elevating or flood-proofing private structures would not be eligible.

"Not up to code" would be homes that do not have their first floor 1 foot above the 100 year flood elevation required by ordinance. The bond funds are not able to be used to bring private homes up to code. This could be done with general funds. If a private home is substantially damaged (damages more than 50% of the assessed value) and in the floodplain we grant funds to the city to buy out the home and the land becomes public open space. DNR is still determining how many of the damaged homes are outside of the floodplain. We would expect that the city would want to redevelop those lands so buyouts with bond funds would not work for their purposes.

## **Board of Water and Soil Resources (BWSR)**

### **What resources will the NRCS (National Resources Conservation Services) provide? How does this complement FEMA and state funds?**

There is a chance that NRCS may have Emergency Watershed Protection (EWP) funding for a few of the large projects. However, that will not be known until/unless Congress passes an appropriation bill and that currently is very uncertain. The NRCS cannot reimburse for prior expenditures, even if eligible, so we work with them to determine potential eligibility and potential cost-sharing before any federal funds are appropriated. Projects that need rapid response would not fit this possible category of federal contribution. There are no federal funds expected for conservation easements to retire flood damaged or frequently flooded lands. The NRCS funds, in contrast to the FEMA public assistance funds, if they come are allowed to be used on non-public areas if there is a public benefit.

### **Are private septic systems covered under the bill?**

They are eligible under Section 10, Subd. 3. Erosion, Sediment, and Water Quality Control and Watershed Protection Projects. Most flooded systems would be restored by a service visit to pump and inspect. If they have suffered erosion to the drain field, more significant repairs would be needed. Permits would also be needed from the local government and older systems would likely need to be replaced rather than repaired.

## **Minnesota Department of Transportation (MnDOT)**

### **How will Highway 210 be addressed in the bill? Combination of federal and state funds? From where?**

The cost of repairing Trunk Highway (TH) 210 is part of the Trunk Highway Bonds and Trunk Highway Program delivery appropriations requested in the bill. TH 210 will also use some funding capacity the department has realized from project shifts and lower than expected bids on project lettings in the State Road Construction appropriation for the 2012-2013 biennium. Any spending from the state road construction appropriation will likely be some combination of state revenues and regular federal program funds. MnDOT will receive federal emergency relief (ER) funding for the project in the future for 80% of the cost of eligible permanent repairs. Minnesota has already received \$3 million of ER "early release" funding. Reimbursements in excess of \$3M will come over several years after money for the repairs has been spent.

### **Breakdown of the damage to bridges, CC structures, Munger Trail, Highway 23, etc and how these will be addressed in the bill? Combination of federal and state funds? From where?**

All work on the Trunk Highway will be paid from the Trunk Highway Bonds and Trunk Highway Program delivery appropriations requested in the bill. Trunk Highway projects will also use some funding capacity the department has realized from project shifts and lower than expected bids on project lettings in the State Road Construction appropriation for the 2012-2013 biennium. Any spending from the state road construction appropriation will likely be some combination of state revenues and regular federal program funds. MnDOT will receive federal emergency relief (ER) funding for the project in the future for 80% of the cost of eligible permanent repairs. Minnesota has already received \$3 million of ER "early release" funding. Reimbursements in excess of \$3M will come over several years after money for the repairs has been spent.

The Munger Trail is part of the DNR system and DNR will be submitting a proposal for bonding to cover the cost to repair the trail and is also applying for FEMA assistance. DNR facility damage request is to do the repairs to bridges, culverts, and the surface damage on the Munger trail and other DNR owned roads and trails.