



Clarifying The Additional 5 percent Initiative

Hazard Mitigation Grant Program Additional 5 percent Initiative for Promoting Resilience through Disaster-Resistant Building Codes

The standard 5 percent Initiative provides opportunities for applicants and subapplicants to fund some projects that are difficult to evaluate using FEMA-approved cost-effectiveness methods. Standard 5 percent Initiative funds cannot be used in situations in which mitigation activities can be evaluated under FEMA-approved cost-effectiveness methods but do not meet the required benefit-cost ratio.

In the past, FEMA allowed the 5 percent amount to be increased up to 10 percent after a Presidentially declared major disaster for tornadoes and high winds at the discretion of the applicant, if the added 5 percent funding was used for activities that addressed the unique hazards posed by tornadoes. The original Additional 5 percent Initiative for tornado and high-wind mitigation activities has been modified by the FY15 *Hazard Mitigation Assistance Guidance* (see Part VIII, A.14) to address all hazards subject to the mitigation activity being eligible as a 5 percent Initiative project. Mitigation activities funded under this additional 5 percent set-aside also must incorporate resilience through the use of disaster-resistant building techniques. The revised set-aside funding, described in this Fact Sheet, is called the Additional 5 percent Initiative.

The Additional 5 percent Initiative set-aside can be used to fund activities beyond those funded by the standard 5 percent Initiative; the applicant may set aside up to 5 percent of the total HMGP funds to pay for such activities. To obtain funding under the Additional 5 percent Initiative set-aside, Recipients and subrecipients must adopt disaster-resistant building codes or achieve an improved Building Code Effectiveness Grading Schedule (BCEGS) score (please see additional information on BCEGS score as described under Option 2) before project closeout and within the Period of Performance.

Background

Post-disaster code enforcement

Under certain conditions, HMGP will fund code enforcement costs after a disaster to ensure that disaster-resistant building codes (codes, standards, and local ordinances that promote disaster resistance) are adopted and implemented. Funding can be obtained under the standard 5 percent Initiative or under the Additional 5 percent Initiative set-aside. Eligible costs are “extraordinary” post-disaster code enforcement costs or the costs that exceed the normal costs of the building department. The best time for local communities to enforce post-disaster codes is during response and recovery.



This Fact Sheet provides Recipients and subrecipients of Hazard Mitigation Grant Program (HMGP) funds with additional information on how to implement the Additional 5 percent Initiative as changed by the FY 15 *Hazard Mitigation Assistance Guidance*. FEMA's intention in supporting the adoption and enforcement of building codes is to promote resilience by using disaster-resistant practices. A building is considered disaster resistant when it not only protects its occupants but can also be quickly repaired and re-occupied because damage from natural disasters is minimized.

Frequently Asked Questions

What is the Additional 5 percent Initiative?

The Additional 5 percent Initiative is funding that has been set aside to help communities enhance disaster resilience related to building codes, such as adopting the current International Building Code® and improving a community's BCEGS score.

How is the Additional 5 percent Initiative different from the previous tornado and high-wind hazard 5 percent Initiative?

The previous tornado and high-wind 5 percent Initiative funding was used only for activities that addressed the unique hazards posed by tornadoes and high winds. The Additional 5 percent Initiative set-aside applies to all hazards and is intended to promote resilience by encouraging communities to adopt and use disaster-resistant building codes.

Who is eligible to participate?

States, local municipalities, tribes, and territories are eligible to participate if they can demonstrate that disaster-resilience building codes have been adopted or the BCEGS score has been improved.

What are some examples of disaster-resistant building codes and standards?

Refer to the **Resources List** for examples of codes and standards that meet FEMA requirements for supporting disaster resistance. The current edition of building codes and standards should be applied.

How can States and local communities demonstrate that they have met the requirement to increase their resilience?

The three options that States and communities have to meet the increased resilience requirement are:

- **Option 1:** Adopt or promote disaster-resistant building codes or enforce existing disaster-resistant building codes during post-disaster recovery
- **Option 2:** Increase the BCEGS score
- **Option 3:** For new National Flood Insurance Program (NFIP) communities, join the Community Rating System (CRS); for existing CRS communities, demonstrate proposed actions that will result in an increase in their ratings

Option 1: What information should States and local communities include in their applications to demonstrate they will meet the requirement of increasing their resilience by adopting or promoting a disaster-resistant building code?

States and local communities must describe all of the following items and demonstrate compliance with disaster-resistant building codes.

1. Building code administration, including:
 - Building code edition in use
 - Modification of any codes and/or local ordinances
 - Zoning or other land use regulatory provisions that mitigate natural hazards
 - Training requirements for code officials
 - Certification requirements for code enforcement staff
 - Incentives for outside education/certification of staff
 - Qualifications requirements for building officials
 - Contractor/builder licensing and bonding requirements

- Public awareness programs
 - Participation in code development activities and the appeal process
 - Local floodplain management ordinances explicitly written to coordinate with the codes
2. Building plan review, including:
- Staffing levels
 - Qualifications of reviewers
 - Level of detail of plan review
 - Type of review performed on plans for one- and two-family dwellings, multifamily dwellings, and commercial buildings
3. Field inspection process, including:
- Staffing levels
 - Qualifications of field inspectors
 - Level of detail of inspections
 - Occurrence of final inspections
 - Process for issuance of certificates of occupancy

Option 2: What information should States and local communities include in their applications to demonstrate they will take actions to improve their BCEGS score?

How does the BCEGS process work?

To develop the BCEGS score, the Insurance Services Office (ISO) representatives evaluate individual communities in a State by assessing the building codes in effect as well as how the community enforces its building codes. BCEGS particularly emphasizes building code requirements designed to mitigate losses from natural hazards. A relative Building Code Effectiveness Classification is developed for each community and is used for insurance rating and underwriting purposes. For more information, visit the [Insurance Service Office's website](#).

How can a community increase its BCEGS score?

After the ISO rates a community, the community can work through the requirements to raise its BCEGS score. ISO usually gives the community recommendations on how to raise its score. After the community completes the steps to update its score, it can contact ISO and schedule a re-evaluation. ISO normally re-evaluates communities on a 5-year schedule, but if asked, ISO will re-evaluate communities on an as-needed basis.

Option 3: What information should States and local communities include in their applications to demonstrate they will take actions to improve their CRS score?

[Activity 430 \(Higher Regulatory Standards\)](#) of the CRS program is the primary CRS activity for crediting floodplain development regulations in relation to building codes.

Examples of actions that are considered “higher standards” include:

- Prohibiting fill, buildings, and/or storage of materials in the Special Flood Hazard Area
- Requiring buildings to be protected to a level higher than the Base Flood Elevation (BFE)
- Requiring that fill and building foundations be designed to protect them from damage due to erosion, scour, and settling

- Requiring that all improvements or repairs be counted cumulatively toward the Substantial Improvement requirement
- Using a threshold lower than 50 percent of the building's value to determine when the Substantial Improvement requirement takes effect
- Requiring that critical facilities, such as hospitals and hazardous materials storage sites, be protected from higher flood levels
- Prohibiting building enclosures below the BFE
- Adopting other regulations that exceed the minimum requirements of NFIP regulations
- Adopting Zone V construction standards for Coastal A Zones

If improvements under Activity 430 are not enough to raise a CRS score, communities can consider implementing other activities that can increase the CRS score. The activities are described in the [CRS Manual](#).

What activities and costs are eligible for the Additional 5 percent Initiative?

Potential eligible activities

- Adopting and enforcing the latest or previous edition of the International Building Code / International Residential Code
- Improving the BCEGS score
- Upgrading existing code to incorporate disaster-resistant code provisions
- Integrating flood-resistant elements of the building code into local floodplain management ordinances
- Strengthening the natural hazards provisions in the State or local codes (e.g., tornado, seismic)
- Certifying/training community code officials in the latest codes
- Licensing contractors and builders
- Increasing public awareness of disaster-resistant building techniques

Potential eligible costs

- Labor (e.g., staff review of building codes, development of ordinances, drafting of procedures for plan review and inspection, training and certification in latest codes)
- Service contract (architect/engineering consulting services to support projects related to building codes)
- Material (purchase of code books or manuals, and printing of publications supporting building code projects)
- Others (costs related to implementation, raising awareness, disseminating information, and providing education related to new or upgraded codes)

What information should be included in the application Scope of Work (SOW)?

The application must include a description of the activities and anticipated outcomes. FEMA will review these to determine whether the activities are eligible, whether the applicant can complete the activities within the Period of Performance (POP), and whether the proposed costs are reasonable.

The scoping narrative stipulates the deliverables, identifies the tasks required to complete the proposed activity, and defines the tasks to be accomplished in clear, concise, and meaningful terms. All cost elements must match tasks and contain sufficient detail for FEMA to determine whether the subapplication is eligible. The scoping narrative will become part of the conditions of the award.

A scoping narrative describes the proposed activities and includes the three elements described below.

Scope of work (SOW): The SOW describes the proposed approach, outcomes, and level of effort, including key milestones and schedule, and the relationship of each activity to the cost estimate. The SOW explains how the outcomes will be reached and identifies the responsible party.

Schedule: The schedule includes all tasks identified in the SOW and the relationship of each activity to the cost estimate. The schedule identifies major milestones and their target dates, including anticipated quarterly usage of Federal funds. Proposed schedules must not exceed the POP for the Federal award. Sufficient detail must be provided so FEMA can determine whether the proposed activities can be accomplished within the POP.

Cost estimate: The cost estimate should match the proposed level of effort in the SOW and schedule. Cost estimates include the cost item categories, such as labor, materials, equipment, and contractor costs. Source materials used to support the cost estimate should be referenced and include sufficient detail for FEMA to determine whether costs are reasonable based on the proposed activities and level of effort.

Can the Additional 5 percent Initiative funds be used to augment a post-disaster code enforcement project?

Yes. The Additional 5 percent Initiative can also be used for a post-disaster code enforcement project.

What documentation is required for project closeout?

Project closeout documentation should reflect the approved scoping narrative, which includes the proposed deliverables, identifies the tasks required to complete the proposed activity, and documents the project timeline. As required by Title 44 of the Code of Federal Regulations Section 206.438(d), the Recipient will submit a letter signed by the Governor's representative or equivalent certifying that:

- The reported costs were incurred in the performance of eligible work
- The approved work was completed and the mitigation measure is in compliance with the provisions of the FEMA-State Agreement

The subrecipient closeout request must include the following:

- Final project costs, including Federal share, non-Federal share, administrative allowance (if applicable), and cost underrun and overruns
- Documentation of code adoption or improvement activities that match the proposed scope
- BCEGS score before and after project completion
- A brief description of lessons learned or success stories
- Other supporting documents required by FEMA to close mitigation project types as outlined in the [Hazard Mitigation Assistance \(HMA\) Job Aids](#), [Closeout Toolkit: Checklist for Hazard Mitigation Grant Program Subawards](#), and [Closeout Toolkit: Hazard Mitigation Grant Program Subaward Closeout FAQs](#).

Whom should States and communities contact for more information?

Contact the State Insurance Commissioner's Office and ISO for BCEGS rating information and the State Hazard Mitigation Officer for information on HMGP.

For more information on the Additional 5 percent Initiative, a resources list is available.