



1206 Reimbursement & Beyond Substantial Damage Process

The Purpose of This Section is to...



- Provide an overview of the Section 1206 policy purpose and eligibility requirements.
- Review DRRRA Section 1206 activities eligible for PA reimbursement including substantial damage, permitting, and enforcement procedures.
- Inform on documentation requirements to ensure compliance with DRRRA Section 1206.
- Review pre- and post-disaster best practices to best leverage the Section 1206 resources.

Problem 1206 Aims to Address...



Local governments are inundated with thousands of permit requests, plan reviews, and inspections after a disaster while utilizing existing staff for other response purposes.

Honolulu's Building Permit Delays: A 'Nightmare' Decades In The Making

Construction industry professionals say it's taking longer than ever to get a permit in Honolulu. The delays disrupt lives and put a drag on the economy.

*Honolulu residents are waiting an average of **11.7 months** to receive a commercial permit and **6 months** to receive a residential permit ([Civil Beat](#)).*



Authorities warn of unlicensed/unscrupulous contractors in wake of Hurricane Sally

by Keith Lane | Thu, September 17th 2020 at 10:12 AM
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1206 Policy Overview:



The purpose of this policy is...

To enable communities following a presidentially-declared disaster to purchase the needed resources and surge staffing to effectively administer and enforce building codes and floodplain management regulations and seek reimbursement under FEMA Public Assistance — increasing the speed of recovery and enhancing National Flood Insurance Program (NFIP) compliance.



Examples of Eligible 1206 Activities



Supporting activities to increase substantial damage determination, permitting, and building code enforcement and administration capacity to meet post-disaster demand are likely eligible under Section 1206. Examples of these activities include:

- ✓ Permitting & code enforcement surge staffing, including administration support, plan reviews, inspections, monitor the floodplain for unapproved construction, enforce corrective action, etc.
- ✓ Certifying, training, licensing and certifying staff.
- ✓ Conduct post-disaster outreach to the public on substantial damage assessment and determination process, the building permit requirements and process, and avoiding and reporting unscrupulous repair contractors.
- ✓ Equipment and supplies: laptop computers, tablets, mailing and outreach costs.
- ✓ Contracted engineers for substantial damage determinations.

Eligible Costs:

- Temporary employees
- Overtime on current employees
- Contract costs

Examples of Ineligible Activities



FEMA will not provide reimbursement for the following activities:

- ✕ Activities associated with non-disaster damaged structures or non-disaster-related development

- ✕ Activities to update a community's laws, rules, procedures, or requirements.



1206 Requirements & Limitations



1. **Time limit:** Only activities occurring up to 180 days (6 months) after the major disaster declaration authorizing Categories C-I (i.e., permanent work) is made are eligible for reimbursement.
2. **Fees and fines:** Revenue collected (or would have been collected if local government elects to waive fees) will be reduced from the PA project.
3. **Federal Cost-Share:** Costs are subject to local cost share for permanent work.
4. **Documentation:** Local governments must be able to document what costs are related to which permit, inspection, or specific activity and how was the activity related to the disaster.

Historical Lost Opportunities



State and local jurisdictions have lost out on millions of dollars in potential reimbursement for work eligible under 1206 since 2020. Why have local and state governments not been seeking reimbursement for work that they are going to have to do anyways?

Only **24 1206 Projects** have been obligated to date.

1. Lack of awareness.

Given that Section 1206 of the DRRRA was enacted in November of 2020, most eligible applicants are unaware that these activities – which they are likely engaging in regardless – are eligible for reimbursement if documented as FEMA requires within the 180-day window.

2. Lack of capacity.

On a normal day, the number of permits requested are at most state and local governments current capacity or already exceed their capacity. When disaster strikes, local governments are often overwhelmed and do not have the capacity to surge staff or secure contractors to do the work within the 180-day period.

3. Lack of planning.

Most local and state governments do not have a plan on how to document and track 1206 eligible activities in a way that will enable reimbursement under FEMA PA.

Recommended Practices



Assess Immediate Needs



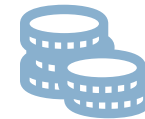
Document Activities and Isolate Costs



Develop Community Outreach and Training Plan



Compile Expenses for FEMA Reimbursement



Recommended Practices



Step 1: Assess Anticipated Needs

- Designate a Section 1206 program manager.
- Review building code, permitting, substantial damages, substantial improvements and National Flood Insurance Program requirements.
- Roughly estimate number of permits, substantial damage determinations and what proactive code enforcement and outreach activities will be needed.
 - Use this information to map out estimated staffing needed.
- Identify staff gaps and propose solutions to fill those caps (contractor support, temporary labor, overtime, etc.).
 - If using contractor support, release an RFP to establish a standby vendor and make sure the vendor is aware of the documentation and invoice details required for reimbursement.

Recommended Practices



Step 2: Document Activities and Isolate Costs

- Establish documentation and cost tracking processes for disaster-related activities
- Train staff and contractors on documentation processes
- Assign a Quality Assurance Reviewer to ensure procedures are adhered to.
- Provide ongoing feedback and training.
 - Ensure all costs incurred and permit revenue collected from disaster activities that will be claimed under Section 1206 are isolated.



Recommended Practices

Step 3: Conduct Community Outreach and Internal Training

- Identify and deliver internal training needs
- Develop multifaced and multi-lingual community outreach plan informing the public of:
 - The permitting process;
 - How to proactively request substantial damage determinations;
 - Code enforcement actions the jurisdiction will be taking;
 - How to avoid being taken advantage of by unscrupulous repair contractors; and
 - How to report any unscrupulous repair contractors.

Recommended Practices



Step 4: Compile and Submit Expenses for FEMA Reimbursement

- Ensure a damage inventory line item is added specifically for Section 1206 impacts.
- Compile and submit costs and backup documentation within the FEMA Grants Portal.
- Examples of backup documentation required by FEMA:
 - Timesheets with activity descriptions identifying work was related to disaster damages.
 - Vendor invoices that include backup documentation identifying disaster-related activity completed and location of work.
 - Jurisdiction pay policy demonstrating overtime eligibility.
 - Procurement backup documentation demonstrating compliance with jurisdiction procurement policy.



Questions?



Activity 1:

See handout

Questions



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