



Substantial Damage and Section 1206

Best Practices and Resource Coordination Strategies



Introduction

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
Updated Thu, September 17th 2020 at 3:07 PM



Eligibility



Examples of Eligible 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.



Best Practices and Resource Coordination Strategies

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Assess Immediate Needs



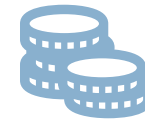
Document Activities and Isolate Costs



Develop Community Outreach and Training Plan



Compile Expenses for FEMA Reimbursement



Best Practices and Resource Coordination Strategies



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.

Resource Coordination Strategy Tips:

- Designate operational leads across permitting, code enforcement, and outreach to coordinate early resource deployment, track staffing needs, and align efforts with anticipated 1206-eligible activities.
- Coordinate with procurement and program leads to embed documentation expectations into scopes of work and contractor onboarding in alignment with Section 1206 requirements.

Best Practices and Resource Coordination Strategies



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.

Resource Coordination Strategy Tips:

- Facilitate pre-disaster coordination workshops to establish documentation workflows, integrate QA/QC procedures, and align cost tracking systems with Section 1206 requirements.
- Implement standardized templates across departments to support consistent documentation practices and streamline QA/QC coordination for 1206-eligible activities.

Best Practices and Resource Coordination Strategies



Step 3: Conduct Community Outreach

- 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.

Resource Coordination Strategy Tips:

- Develop and distribute outreach templates to coordinate messaging across departments and operational areas, and ensure consistency across languages, platforms, and public-facing materials



Local Lessons Learned and Best Practices



Lessons Learned: Baton Rouge

- In 2016, East Baton Rouge Parish and surrounding areas experienced catastrophic flooding resulting in thousands of homes being significantly flooded.
- A 2020 FEMA NFIP audit found that East Baton Rouge Parish and their municipalities did not conduct a thorough substantial damage assessment process and over 1,200+ homeowners were permitted to repair their substantially damaged homes back to pre-disaster condition without elevating their homes and/or making other building code required improvements.
- Local officials pushed back on FEMA seeking assistance from their legislative representatives to identify mechanisms to waive requirements or provide funding to assist homeowners to become compliant.
- 4 years after the disaster, the local governments issued substantial damage letters informing residents they were not permitted to make any additional changes to their residences until the properties were brought into compliance with current building code.
- Unfortunately, most disaster dollars had been committed or expended.
 - Louisiana provided some assistance utilizing regular annual Community Development Block Grant (CDBG) program.

Best Practices:

Panama City – Hurricane Michael



- Panama City and Bay County were catastrophically damaged by Hurricane Michael in October 2018. Over 90% of homes were damaged and 60% percent were considered significantly damaged or destroyed.
- The City of Panama City requested assistance from FDEM to conducting substantial damage assessments.
 - FEMA provided the necessary inspectors to complete the substantial damage assessments and provided the data to the local floodplain managers and building officials to issue letters notifying homeowners that their properties were likely substantially damaged and the process to follow.
- Simultaneously, the City and County officials successfully advocated for the Florida legislature to make a special allocation of \$42 million to the State Housing Initiative Program (SHIP) and Hurricane Housing Recovery Program (HHRP) to Bay County.
 - The City and the County collaborated to create the “RehouseBay” program which provided home repair and replacement assistance, rental assistance, first time homebuyer assistance, and funding to develop new low to moderate income housing.

Best Practices:

Panama City – Hurricane Michael



- Lesson Learned: Need for consistent messaging to the public on the building process and how not to be taken advantage of by unscrupulous contractors.
- Panama City is currently in the process of incorporating the lessons learned from Hurricane Michael into their substantial damage assessment process. Lessons learned include developing a comprehensive communications plan to include:
 - Community workshops to educate the community on the substantial and permitting process;
 - Educate homeowners on how to advocate for themselves when making flood insurance claims; and
 - Communication messaging to warn homeowners on how to avoid being taken advantage of by predatory contractors.
- Lesson Learned: Number of permits requested 4 times more than pre-disaster. Significant surge but continued at elevated level for years due to increased construction post-disaster.



City of Cape Coral

Case Study: The City of Cape Coral, Florida



- April 8, 2024 - The City of Cape Coral noticed of FEMA's intent to retrograde the City's CRS rating. 23% unpermitted work?
- Estimated \$8-10 million annual impact.
- After many meetings and a ton of work, required to submit a Corrective Action Plan and a Substantial Damage Administrative Procedures (SDAP) Plan to possibly avoid probation. A 1206 Protocol was also created.
- Lessons learned and implemented Hurricane Milton.



Pitfalls During Cape Coral's Hurricane Ian Response



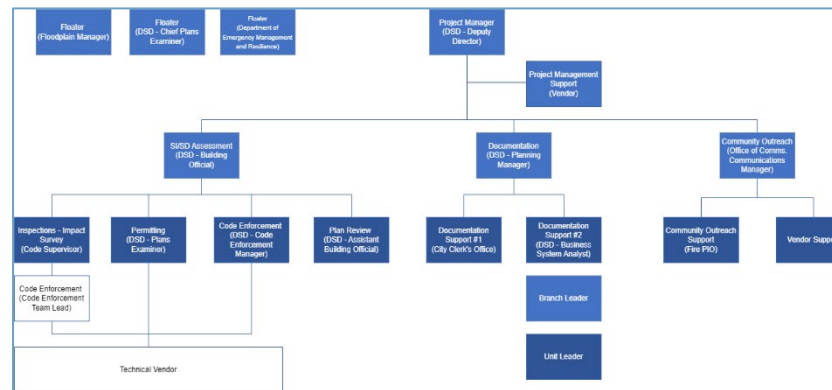
1. Impact survey teams were general in their reviews.
2. Inconsistent market values were present.
3. Missing repair permits.
4. Low and adequate labor costs.
5. Permits were issued without total repair costs.
6. Failure to capture the complete scope of work.
7. Permits issued after the fact.
8. Notice of violations issued after the fact.
9. Floodplain permits are needed when building permits do not apply.
10. Insufficient flood openings



The Role of Cape Coral Emergency Management



1. Building relationships
 - Not easy; trust and time.
 - Coordinating
2. Toward a common goal.
3. Long-range - MARATHON



Cape Coral Lessons Learned



Lesson #1:

While interdepartmental relationships are strong now, these were not established pre-event. This made Section 1206 activities more difficult for the City.

Solution #1:

The City suggests working on building relationships with departments that will be working on Section 1206 activities during blue-skies.

Cape Coral Lessons Learned



Lesson #2:

The City did not have any plans in place prior to Hurricane Ian regarding Section 1206 activities and substantial damage assessments.



Cape Coral Lessons Learned



Solution #2:

The City utilized contractors to create the following plans;

1. NFIP Corrective Action Plan
2. Section 1206 Protocol
3. Substantial Damage Administrative Procedures (SDAP) Plan
4. SDAP Supplemental Documentation Package
5. Community Outreach – Media Tool Kit
6. Reporting Tool Kit

This plan should include an org chart with other departments assigning roles during Section 1206 activities.

Cape Coral Lessons Learned

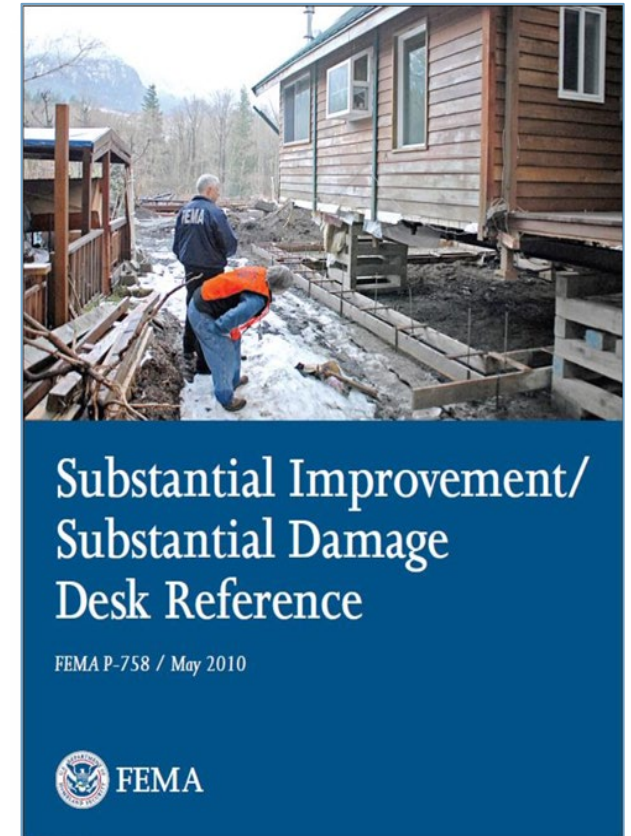


Lesson #3:

The City was delayed in Section 1206 activities as they did not have a system in place to determine which structure owners were non-compliant and who has remained non-compliant.

Solution #3:

The City suggests creating a process during blue-skies to address non-compliance issues during grey-skies. FEMA wants jurisdictions to be proactive in code enforcement activities.



Cape Coral Lessons Learned



Lesson #4:

The City decided to wait for permits to come in from property owners rather than go out in the field and provide permits directly.

Solution #4:

The City suggests being proactive with permitting processes and going out to property owners to provide permits directly. This will mitigate potential delays in permitting procedures.



Substantial Improvement/ Substantial Damage Desk Reference

FEMA P-758 / May 2010



FEMA

Cape Coral Lessons Learned



Lesson #5:

During the City's Ian response, they made the decision to use paper permits instead of online permits. This decision ended up becoming a “disaster after the disaster”.

Solution #5:

The City suggests only using online permits to avoid documentation build-up and staff burnout when resources may already be low.



Cape Coral Lessons Learned



Lesson #6:

The City did well with its public messaging regarding Section 1206 activities, but FEMA did not think community outreach was adequately captured.

Solution #6:

The City suggests detailed community outreach tracking during Section 1206 activities to avoid a potential threat of NFIP probation and poor CRS standing.



Cape Coral Lessons Learned



Lesson #7:

During the City's Ian response, initial impact surveys were only done in the City's most impacted areas.

This did not include every structure within the SFHA.


Solution #7:

Learning from their Ian response, the City did initial impact surveys on every structure in the City, whether or not it was in the SFHA, during their Hurricane Milton response.

Cape Coral Staying in NFIP Compliance and Maintaining CRS Status



- NFIP Correction Action Plan
- Section 1206 Protocol
- Substantial Damage Assessment Procedure Plan (SDAP) and Supplemental Documentation Package
- Crisis Track – Damage Assessment Platform Training for City Staff
- City Workshops

 **FEDERAL EMERGENCY MANAGEMENT AGENCY**

SUBSTANTIAL DAMAGE ADMINISTRATIVE PROCEDURES PLAN
City of Cape Coral, FL

PURPOSE AND USE

The purpose of this document is to outline how The City of Cape Coral (City), FL will administer and implement steps to make Substantial Improvement/Substantial Damage (SI/SD) determinations. Communities that participate in the National Flood Insurance Program (NFIP) must adopt and enforce floodplain management regulations that include requirements for SI/SD structures, as defined in 44 CFR 59.1.

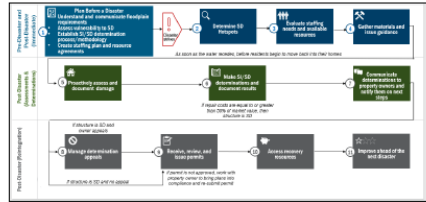
Improvements to structures in the regulated floodplain that equal or exceed 50% of the market value, including improvements undertaken after being substantially damaged during a disaster, must comply with local floodplain management regulations. This often means that structures cannot simply be rebuilt to pre-disaster conditions. Local officials must ensure that all permits issued for reconstruction comply with local regulations.

This document captures all procedures in one easy, accessible place to the City more prepared if disaster strikes. This includes plans, procedures, and processes for actions taken pre-disaster ("blue skies"), immediately following a disaster event, and post-disaster. This document serves as a plan to be used in both day-to-day SI/SD operations as well as all disaster events, to include all types of hazards (flooding, wind, fire, etc.), small and large events, and presidential-declared or non-declared events.

This plan was compiled and prepared by the City. The template for this document was created by the Federal Emergency Management Agency (FEMA).

Timeline of Substantial Damage Operations

The SDAP Plan follows the graphic below and has four main sections: Plan Before a Disaster; Post-Disaster: Immediate Coordination; Post-Disaster: Assessments & Determinations; and Post-Disaster: Reintegration. Each section contains procedures, practices, and additional information about critical planning and response tasks to consider in administering and enforcing SI/SD requirements.



The flowchart illustrates the timeline of substantial damage operations, organized into four main sections: Plan Before a Disaster, Post-Disaster: Immediate Coordination, Post-Disaster: Assessments & Determinations, and Post-Disaster: Reintegration. The process begins with Plan Before a Disaster, which includes developing and implementing floodplain management regulations, establishing a SDAP, and conducting training. This leads to Post-Disaster: Immediate Coordination, which involves establishing a SDAP, conducting training, and establishing a SDAP. This leads to Post-Disaster: Assessments & Determinations, which involves conducting assessments and determinations. This leads to Post-Disaster: Reintegration, which involves reintegration of the community. The flowchart also includes a feedback loop from Post-Disaster: Reintegration back to Plan Before a Disaster.

SUBSTANTIAL DAMAGE ADMINISTRATIVE PROCEDURES (SDAP) PLAN

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Cape Coral's Hurricane Milton Response

DISASTER RECOVERY
REFORM ACT OF 2018
(DRRA): SECTION 1206
PROTOCOL
*FEMA: Public Assistance
Program*

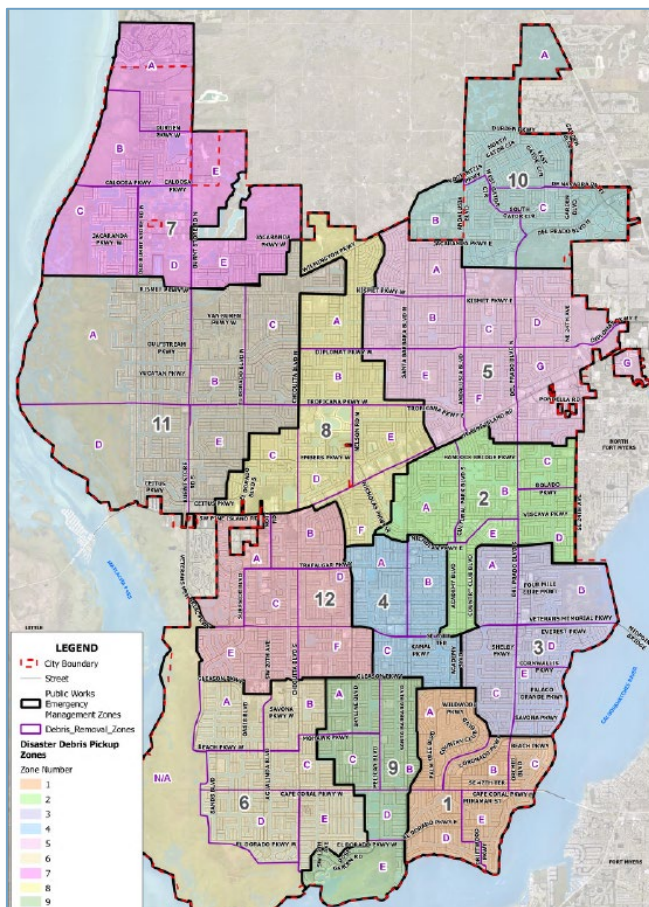


Cape Coral's Hurricane Milton Response



- The City organized 18 assessment teams of two, which included building official and code enforcement staff.
- The teams went into the field within 48 hours of landfall to conduct windshield assessments.
- Every property, regardless of if the property was in the SFHA, was inspected. All impact surveys, inspections, and assessments were tracked in Crisis Track.

Cape Coral's Hurricane Milton Response



- Within Crisis Track the City separated properties that are in the Special Flood Hazard Area (SFHA) into zones to better organize windshield assessment efforts.
- Organizing the assessments through Crisis Track also helped maintain a record of assessments and documentation.

Review Best Practices Implemented



- Dedicated project manager activated to EOC with the authority to bring together and task Floodplain Management, Permitting, Code Enforcement, External Affairs, Procurement/Finance, Housing/Community Development, and HR/Recruiting.
- Surge staffing strategies:
 - Standby contracts for surge staffing: substantial damage inspections, permitting, code enforcement, project management.
 - Position descriptions for temporary hires and clear temporary hiring process.
- Established reporting requirements for project manager(s) for Senior Leadership visibility.
- Establish messaging for different stakeholders' pre-storm:
 - Public – social media, canned language for traditional media, jurisdiction's website.
 - Jurisdiction leadership
 - Elected officials
- Training and position assists
- Discuss how funding can be reprogrammed for immediate housing programs



Questions?