

Safeguarding Tomorrow Revolving Loan Fund Program

Overview for Interested Entities

March 12, 2024



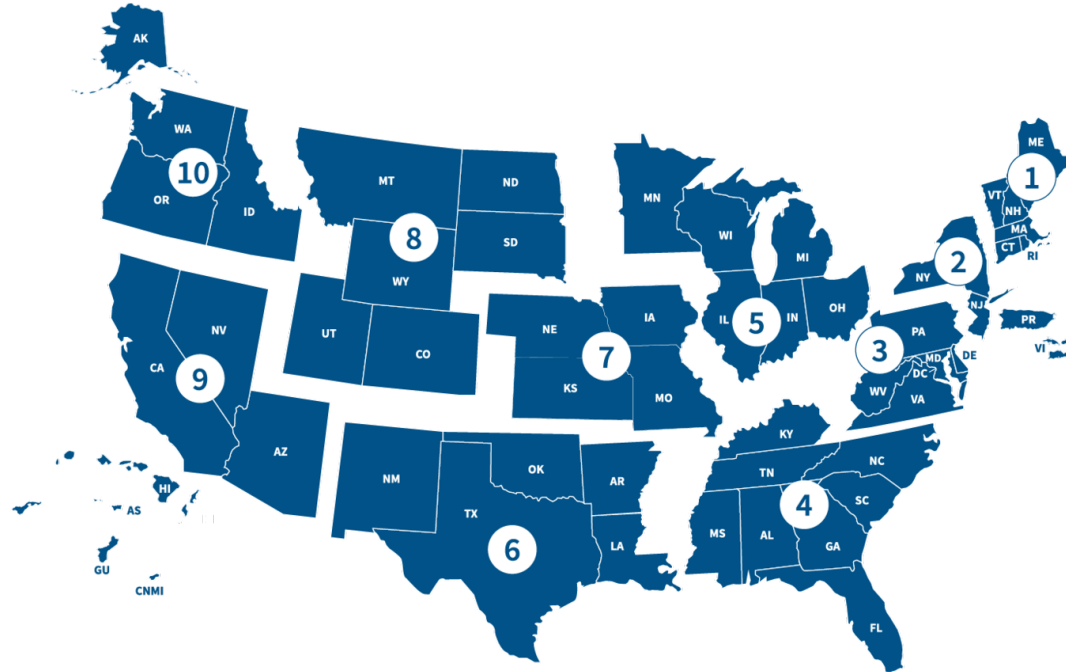
FEMA

Agenda

- Program Basics
- Loan Requirements and Considerations
- Illinois Safeguarding Tomorrow Plan

Program Basics

Eligible Entities



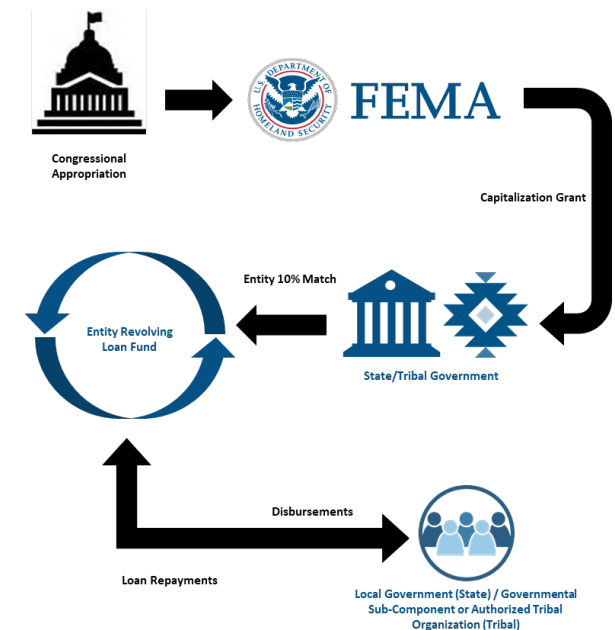
- All 50 States
- The District of Columbia, Puerto Rico, the US Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands
- Federally recognized Tribal governments that have received a direct major disaster declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act



FEMA

Safeguarding Tomorrow RLF Program Overview

- FEMA provides funding via a capitalization grant
 - The participating entity contributes 10% of the capitalization grant into an established entity loan fund
- The entity loan fund provides assistance to local governments to expedite eligible mitigation activities in their communities with greater flexibility and autonomy
- The lender entity is responsible for monitoring project progress and loan repayment from local communities
 - As local governments repay loans, these funds can be utilized for new loans
- FEMA will monitor the use of funding through reporting mechanisms and audits



Capitalization Grant versus Entity Loan Fund

	Capitalization Grant	Entity Loan Fund Grant
Funding Recipients	Entities	Local governments
Administration	Administered by FEMA according to federal statutory requirements and best practices	Administered by the eligible entity according to the grant agreement and its FEMA-approved Intended Use Plan
Agreement(s)	Grant agreement between FEMA and an eligible entity	Loan agreements between the entity and loan recipient (local governments) with a maximum interest rate of 1%
Repayment	The entity will not repay FEMA for grant funds received, but must comply with federal oversight of grant management requirements	Loan recipient must pay back the funds in accordance with the eligible entity's requirements

Allowable Uses and Funding Limitations

Allowable Uses

Activities that mitigate the impact of natural hazards

Non-federal cost-share requirements for other Hazard Mitigation Assistance programs

Zoning and land use planning

Mitigation planning

Building code adoption and enforcement

Technical assistance to loan recipients

Funding Limitations

- Loans cannot be equal to or more than \$5 million
- No more than 10% of a capitalization grant can be used for loans for zoning and land use planning changes
- No more than 10% of a capitalization grant can be used for loans for mitigation planning
- Technical assistance to loan recipients is limited by the administrative costs limits, and cannot exceed 5% of a capitalization grant



FEMA

Unique Aspects of this Program

- No Benefit Cost Analyst requirement.
- Loans may be used by local governments to satisfy a local government's non-federal cost-share requirement for other FEMA Hazard Mitigation Assistance (HMA) grant programs.
- Program income encouraged.

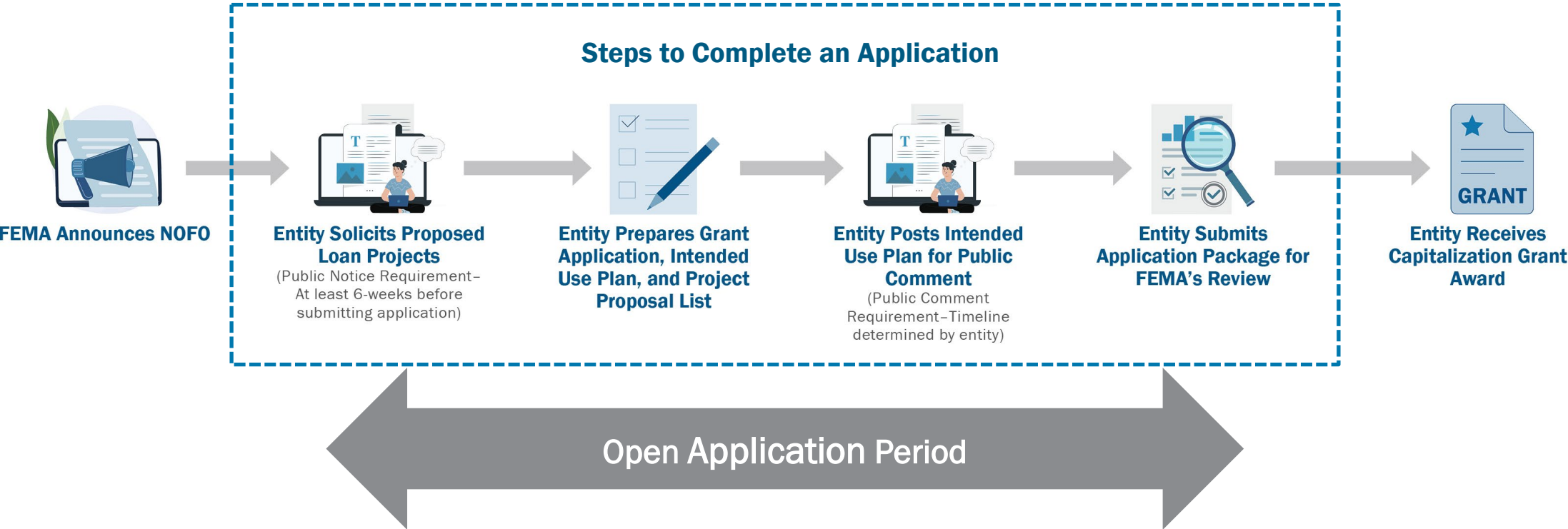


Capitalization Grant Application Requirements Checklist

- To be eligible for a grant award, an eligible entity must fulfill the following statutory requirements:
 - Have a FEMA-approved State or Tribal **Hazard Mitigation Plan**
 - **Issue a public notice of no less than (6) weeks** in length inviting hazard mitigation project proposals from local governments that result in a Project Proposal List
 - Develop a complete capitalization **grant application package**, including a **Project Proposal List** documenting projects that the entity is interested in funding with loans
 - Post the entity-developed Intended Use Plan for **public comment** prior to submitting the application
 - **Establish a Revolving Loan Fund** from which the entity's emergency management agency has authority to manage the Safeguarding Tomorrow RLF program
 - Determine how the **entity cost match (10% contribution)** will be met



Preparing for the Capitalization Grant Application Timeline



Loan Requirements and Recommendations

Loan Recipient Requirements

- Eligible Recipient – The loan recipient must be a **local government**
 - For tribal government entities, this may include any sub-component within their respective governmental structure or an authorized tribal organization
- Statutory Loan Recipient Requirements
 - FEMA-approved Local Hazard Mitigation Plan
 - Dedicated source of revenue to repay loans
- Entity-level Loan Recipient Requirements
 - Entities may determine additional requirements to meet their specific hazard mitigation needs and program priorities



Entities may **expand eligibility requirements beyond the requirements set in the statute** to meet their specific hazard mitigation needs and document the requirements in the **Intended Use Plan**

Loan Requirements

- Statutory Requirements for Loan Terms
 - Principal amount must be less than \$5 million for a single loan
 - Interest rate can be no greater than 1%
 - Amortization rate can be no more than 20-years, or 30-years for low-income geographic areas
 - Pass-through requirements (Environmental and Historic Preservation, etc.)
- Additional Loan Terms
 - Entities may work with loan recipients to adjust terms to the meet needs of their program



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Loan Agreements and Conditions

- Loan Agreements are legally binding contracts that detail the loan specifics between an entity and a loan recipient



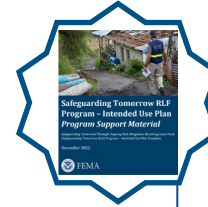
- Loan Agreements may include conditions that outline:
 - Parties to the Agreement
 - Loan Purpose
 - Loan Terms
 - Repayment
 - Interest and Fees
 - Revenue Source
 - Default and Remedies
 - Prepayment and Early Repayment
 - Conditions Precedent
 - Reporting Requirements
 - Notices
 - Amendment and Waiver

Environmental and Historic Preservation (EHP)

- **Requirement** – Projects that involve construction or ground disturbance must go through an EHP review prior to funding
 - Loan recipients must complete EHP checklist to compile all necessary information (e.g., Scope of Work, maps, project designs, photos) for EHP review and submit to the Entity
 - If construction/ground disturbance occurs before EHP review is complete, the project will not be eligible for funding
 - The following project types do not require an EHP Checklist for the loan: Mitigation Planning, Zoning and Land Use Planning, Building Code Adoption and Enforcement, Hazard Mitigation Assistance Cost Match
- Entities should monitor proposed projects that require EHP to better coordinate the completion and submission of the checklist and to know what is eligible

Revenue Sources for Repayment

- Prior to receiving a loan, the entity loan fund must confirm that potential loan recipients establish a dedicated source of revenue for repayment
- Potential revenue streams for loan repayment may include:
 - Property taxes
 - Sales and use taxes (e.g., corporate income taxes, hotel taxes, business license taxes, capital project sales tax, valorem tax, etc.)
 - Fees and permits (e.g., hospitality, water, sewerage, and parking meter fees)
 - Other state or federal grant programs where such a use would be eligible



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Illinois Safeguarding Tomorrow Plan

Illinois STRLF Status

- Illinois Emergency Management Agency – Office of Homeland Security
 - Seeking proposed projects from communities interested in low-interest loans
 - <https://iemaohs.illinois.gov/content/dam/soi/en/web/iemaohs/recovery/documents/fy24-nofo-safeguarding-tmrw.pdf>
- Public Comment Period
 - Open
 - Notice of funding opportunity posted on IEMA – Mitigation Website
- Interested communities are asked to submit project information to the IEMA-OHS Hazard Mitigation Section at ema.mitigation@illinois.gov



Illinois STRLF Contact Information

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