



FEMA

November 8, 2017

Jeffrey D. Stern, Ph.D.
State Coordinator
Virginia Department of Emergency Management
10501 Trade Court
North Chesterfield, Virginia 23236-3713

Re: Allowing Property Owners to Obtain Contractors to Perform Hazard Mitigation Assistance (HMA) Project Work and Seek Reimbursement

Dear Dr. Stern:

The purpose of this letter is to notify you that FEMA Region III is clarifying whether FEMA has the discretion to approve a sub-recipient's request to use grant funds to reimburse individual property owners who contract for performance of eligible mitigation work on their own homes. There is currently no prohibition in federal law or Hazard Mitigation Assistance (HMA) Guidance that prevents sub-recipients from choosing to allow property owners to secure contractors to implement the project and then reimburse the property owner with grant funds. Recipients and sub-recipients should ensure no state law contains such a prohibition. They should also ensure the property owner does not have his/her own contracting business that might require the application of 2 Code of Federal Regulations (CFR) 200.319-200.326 Procurement Regulations.

With allowing this practice, the recipient and sub-recipient retain their legal obligations for oversight of the grant under applicable program regulations and guidance, and applicable regulations under 2 CFR 200 and 44 CFR Part 13. These require the recipient and sub-recipient to properly monitor, report on, and account for the use of grant funds with documentation showing costs are reasonable, necessary, allowable and allocable. Under the HMA Programs, costs must be cost-effective. HMA's cost benefit analysis is a standard method for determining the reasonableness of project costs.

Also at closeout, the recipient and sub-recipient must ensure that all approved projects were completed and consistent with the grant terms, program requirements, and applicable laws. For elevation projects, FEMA requires that the local government or the sub-recipient certify that the work was done in accordance with federal grant standards, HMA Guidance, Part III, Section E. and complies with National Flood Insurance Program (NFIP) regulations. This requirement would continue should the recipient and sub-recipient choose to allow property owners to secure contractors to implement the project and then seek reimbursement.

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If you and your sub-recipients choose to allow property owners to secure contractors to implement HMA projects, you should ensure that allowing the property owners to have a role in performing the project will not compromise proper, efficient implementation of the grant. You should also be aware that FEMA does not currently have plans to provide interim guidance to address program implementation of this policy clarification.

If you have any questions concerning this letter, please contact me at (215) 931-5608 or Janice Barlow, Acting Director, Mitigation Division at (215) 931-5569.

Sincerely,



MaryAnn Tierney
Regional Administrator

cc: Susan Mongold, Deputy State Coordinator
Robert Coates, State Hazard Mitigation Officer
Regeane Frederique, Director, Grants Division (Acting)