

# DISASTER RECOVERY Assistance Guide



# Disaster Recovery Financial Assistance

Recovering from a disaster is a partnership effort among local, state and federal government agencies in conjunction with private and non-profit organizations. Rebuilding and redevelopment may take several days to several years depending on the nature and severity of the disaster. Varying levels of local, state and federal financial assistance may be available to individuals, business owners, non-profit agencies, local or county governments.

The **North Carolina Emergency Management Act** of 1977, **GS166-A** outlines the responsibilities of the governor, state agencies and local governments in preventing, preparing for, responding to and recovering from natural or man-made disasters. The N.C. Division of Emergency Management, in the Department of Public Safety, oversees the state's emergency response and disaster recovery efforts as delegated by the governor.

The Robert T. **Stafford Act** of 1988 provides federal natural disaster assistance for state and local governments who are responsible for bringing aid to their citizens. This federal legislation gives the Federal Emergency Management Agency the responsibility of coordinating government-wide relief efforts and outlines the necessary steps to secure federal aid.

The flow of physical and financial government aid begins with the declaration of a State of Emergency or State of Disaster. A presidential emergency or disaster declaration triggers financial and physical aid through FEMA.

**A State of Emergency Declaration** is made when conditions exist, or are imminent, in which public safety authorities are unable to adequately protect lives or property. The governor, mayor, municipal or county official, county commissioner chair or military commander may make the emergency declaration. Such declarations authorize financial or physical assistance from other governments and enables local officials to enact curfews and restrict the sale of alcohol, weapons, gasoline and other key substances. Also, local ordinances may restrict or prohibit transportation or operation of businesses.

**State of Disaster Declarations** are made when there has been an occurrence, or there is imminent threat, of widespread damage, injury, loss of life or property from any natural or man-made disaster. The governor or General Assembly (by resolution) can make a *state* disaster declaration. Upon the disaster declaration, DPS will provide

to the governor a preliminary damage assessment as soon as it is available. In order to qualify for financial or physical assistance through federal disaster recovery programs, the state also must request and receive a *presidential* disaster declaration, also referred to as a **Major Disaster Declaration**.

After a State Emergency or Disaster Declaration is made and damage assessments have been conducted by county and state emergency management staff, the governor will issue a proclamation that defines the disaster area and declares it a **Type 1, 2 or 3 Disaster**.

- **Type 1** disasters are smaller and more localized, such as a tornado or isolated flooding. The state is able to respond to the emergency and recover without federal financial or physical assistance.
- **Type 2** disasters cause more damage on a larger area, such as a hurricane or ice storm that impacts several counties. Federal assistance is required to recover from the disaster. However, states must request that financial assistance from FEMA and submit damage assessments that meet the financial threshold.
- **Type 3** disasters devastate a widespread area and cause catastrophic damage, such as a major hurricane. Again, federal assistance is required to recover from the disaster. States must request that financial assistance from FEMA and submit damage assessments that meet the financial threshold.

There are four major categories of financial assistance to help individuals and agencies recuperate from a natural or manmade disaster. The **Individual and Households Program** provides grants that help homeowners or renters replace their personal property, rent temporary housing, repair or replace their houses and pay for any related medical or dental expenses. The **Small Business Administration** provides low-interest loans that help homeowners or renters replace their personal property, rent temporary housing, repair or replace their homes. It also provides low-interest loans to businesses to repair or rebuild their property and to recover from loss of wages and income. The **Public Assistance Grants Program** helps city or county governments and certain non-profit agencies recuperate costs from responding to the disaster and reimburse costs to clear debris, repair roads and bridges and repair or replace buildings or utilities. The **Hazard Mitigation Grant Program** helps minimize the cost of future disasters by relocating structures out of flood zones or other hazard-prone areas, flood-proofing critical facilities or completing projects that minimize damage from natural hazards.

# Type I Disaster

This is a small disaster, generally confined to one or two counties or a small region. State and local grants may be used to help individuals, businesses or local governments make repairs and recover from the disaster. Federal assistance is not provided. Historically, the state has provided 75% of the funds to aid local governments, while the local entity provides 25%.

**Example:** Columbus county tornado – November 2006;  
Johnston and Wilson county tornados – November 2008;  
Tropical Storm Faye flooding in Cabarrus and Mecklenburg counties – August 2008



*Nearly 50 families were impacted by tornadoes in Columbus County in November 2006*

## Three Criteria for Type I Disaster Declaration:

- A local state of emergency has been declared (pursuant to the Stafford Act) and a written copy of the declaration has been forwarded through the N.C. Division of Emergency Management to the governor; **AND**
- The president has **NOT** declared a major disaster declaration (pursuant to G.S.166A); **AND**  
**Choose one below:**
- For Individual Assistance: The preliminary damage assessment meets or exceeds the criteria established for the Small Business Administration Disaster Loan Program (13 C.F.R. Part 123) **OR**
- For Public Assistance: The following four criteria (in G.S.166A 6.01(b)(2)a) have been met:
  1. minimum of \$10,000 in uninsured losses,
  2. uninsured losses equal or exceed 1% of the county's annual operating budget,
  3. an approved hazard mitigation plan is in place, and
  4. community participates in the National Flood Insurance Program.

A Type I disaster declaration may be made by the governor prior to, and independently of, any action taken by the Small Business Administration, the Federal Emergency Management Agency or any other federal agency.

**Timeframe:** A Type I disaster declaration expires 60 days after it is issued unless renewed by the governor or the General Assembly. Such renewals may be made in increments of 30 days each, not to exceed a total of 120 days from the original issue date. The Joint Legislative Commission on Governmental Operations shall be notified prior to the issuance of any renewal of a Type I disaster declaration.

## Individual Assistance

**Who is eligible?** United States citizens that live in counties that have been declared state disaster areas and who have serious disaster-related needs and expenses from uninsured or under-insured losses as a result of a disaster may be eligible to receive a low-interest loan or state grant. Individuals must apply for loans through the Small Business Administration program first. If they are turned down, they can apply for grants through the Individuals and Households Assistance Program.

### Financial assistance can be used for:

- ✓ Renting temporary housing
- ✓ Repairing or replacing permanent housing
- ✓ Replacing personal property (including clothes, required work tools and equipment)
- ✓ Transportation
- ✓ Medical and dental expenses (not eligible under SBA loans)
- ✓ Funeral or burial expenses resulting from the disaster (not eligible under SBA loans)



*Workers repair homes along the coast after Isabel struck in 2003*

### Criteria to pursue SBA loan assistance:

- State of Emergency declared by the county and state
- 25 primary residences and/or businesses (per county) with 40% uninsured or under-insured loss
- Ability to repay loan (as determined by minimum income level and debts reported on the application)
- Damages must be related to the declared disaster

## **Process to pursue SBA loan assistance:**

1. County and North Carolina Emergency Management staff survey damaged area to estimate losses.
2. County, NCEM and SBA staff conduct a joint damage assessment.
3. If the damages meet the federal threshold, the governor requests SBA federal loan assistance for impacted area.
4. Individual homeowners apply for low-interest SBA loans.
5. If homeowners are turned down by SBA, they are automatically referred to the state individual assistance program.

## **Criteria to pursue Individual Assistance grants:**

- Applicant must apply with Small Business Administration and be turned down by SBA for a loan
- State of Emergency declared by the county and state
- County must comply with the National Flood Insurance Program
- County must have approved and adopted Hazard Mitigation Plan
- 25 primary residences and/or businesses (per county) destroyed or have major damage
- Damages must be related to the declared disaster

Note: Maximum grant amount per household is \$31,900\*

*\*Figure changes annually based on statewide per capita impact indicator*

## **Process to pursue Individual Assistance grants:**

1. County and North Carolina Emergency Management staff survey damaged area to estimate losses.
2. County, NCEM and SBA staff conduct a joint damage assessment.
3. If the damages meet the threshold, the local government requests an Individual Assistance, or IA, state declaration in writing from the NCEM director.
4. The NCEM director requests an IA state declaration in writing from the Department of Public Safety secretary.
5. The secretary then requests an IA state declaration in writing from the governor's office.

*Note: Each county must qualify separately for financial assistance.*

# Business Owners Assistance

**Who is eligible?** Small businesses and certain private, non-profit agencies in the declared disaster area may be eligible for low interest working capital loans.

## Types of financial assistance:

- Long-term low interest loans for facility damage or economic injury
- Business loans up to \$2 million (4.0%\* APR) for facility damage or economic injury

*\* Rate subject to change*

## Criteria to pursue funds to repair facilities:

- State of Emergency declared by the county and state
- 25 primary residences and/or businesses (per county) with 40% uninsured or under-insured loss

## Process to pursue funds to repair facilities:

1. Governor requests a disaster declaration from the Small Business Administration based on preliminary damage assessment.
2. SBA sets up a temporary disaster assistance center to take loan applications from business owners impacted by the disaster.
3. Business owners apply for loans on line or at the center. SBA awards loans directly to the business owner if applicable.

## Criteria to pursue funds for economic injury:

- State of Emergency declared by the county and state.
- At least five entities and their owners cannot provide for their own recovery from non-government sources (as determined by SBA).

## Process to pursue funds for economic injury:

1. At least five businesses must complete SBA financial forms stating loss of wages and income.
2. Governor verifies business claims and requests an economic injury declaration from the Small Business Administration.
3. Business owners work directly with SBA to complete application process.
4. SBA awards loans directly to the business owner if applicable.

# Public Assistance for Local Governments or Non-Profit Agencies

**Who is eligible?** Local governments and certain private non-profit agencies that are located in declared disaster areas may receive grants for clean up and/or to repair damaged infrastructure.

## Financial assistance can be used for:

- ✓ Clearing debris
- ✓ Emergency protective measures
- ✓ Repairing roads and bridges
- ✓ Crisis counseling
- ✓ Assisting with public transportation needs



*Road in Hatteras Village destroyed during Hurricane Isabel in 2003*

## Criteria to pursue public assistance grants:

- State of Emergency declared by the county
- County is compliant with the National Flood Insurance Program
- County has approved and adopted Hazard Mitigation Plan
- Uninsurable losses meet or exceed 1% of the county's (or eligible entity's) annual operating budget and a minimum of \$10,000

## Process to pursue public assistance grants:

1. County declares a local state of emergency.
2. County and North Carolina Emergency Management staff survey damaged area to estimate losses.
3. NCEM reports damage estimates to the Department of Public Safety secretary, who shares the information with the governor to pursue funding assistance.

*Note: Each county must qualify separately for financial assistance.*



# Type 2 Disaster

This is a large disaster, generally impacting several counties or regions. Federal and state funds are used to help individuals, businesses or local governments make repairs and recover from the disaster. Historically, FEMA has provided 75% of the funds and the state has paid the remaining 25%.

**Example:** Hurricane Isabel - September 2003,  
Ice storm - December 2002, Snow Storm -  
January 2000, Red Spring tornado - 1984,  
April 2011 tornadoes, Hurricane Irene -  
August 2011



*Some ice storms qualify as Type 2 disasters*

## Criteria for Type 2 Disaster Declaration:

- The president of the United States has issued a disaster declaration (pursuant to the Stafford Act)  
**OR**
- The governor has requested federal disaster assistance (under the Stafford Act) without making a Type 2 disaster declaration.

**Timeframe:** A Type 2 disaster declaration expires 12 months after it is issued unless renewed by the governor or the General Assembly. Such renewals may be made in increments of three months each, not to exceed a total of 24 months from the original issue date. The Joint Legislative Commission on Governmental Operations shall be notified prior to the issuance of any renewal of a Type 2 disaster declaration.



*Dare County home destroyed by Hurricane Isabel*

# Individual Assistance

**Who is eligible?** United States citizens that live in counties that have been declared disaster areas and who have serious disaster-related needs and expenses from uninsured or under insured losses as a result of a disaster may be eligible to receive a low-interest loan OR a federal or state grant. As with Type 1, individuals must apply for loans through the Small Business Administration program first. If they are turned down, they can apply for grants through FEMA (under the individual assistance program).



*Tornado victims may qualify for SBA loans or federal grants to rebuild and recover from the disaster.*

## Financial assistance can be used for:

- ✓ Renting temporary housing
- ✓ Repairing or replacing permanent housing
- ✓ Replacing personal property (including clothes, required work tools and equipment)
- ✓ Transportation
- ✓ Medical and dental expenses
- ✓ Funeral or burial expenses resulting from the disaster

Note: Maximum grant amount per household is \$31,900\*

*\*Figure changes annually based on statewide per capita impact indicator*



*Residents whose homes have been damaged by tornadoes may qualify for financial aid through the state's individual assistance program.*

## Criteria to pursue Individual Assistance grants:

- State of Emergency declared by the county and state
- County must comply with the National Flood Insurance Program
- County must have approved and adopted Hazard Mitigation Plan
- 100 primary residences and/or businesses (per county) destroyed or have major damage
- Damages must be related to the declared disaster
- Applicant must first apply with SBA and be turned down by SBA for a loan (see Type1 Individual Assistance for details)

## Process to pursue Individual Assistance grants:

1. The governor will request a federal declaration in writing to the Federal Emergency Management Agency.
2. FEMA will then request a federal declaration in writing to the president.
3. Once the president has issued a disaster declaration, FEMA and the state will set up a disaster recovery center to allow citizens to apply for assistance.

*Note: Each county must qualify separately for financial assistance.*

## Business Owners Assistance

**Who is eligible? (identical to Type 1 disaster)** Small businesses and certain private, non-profit agencies in the declared disaster area may be eligible for low-interest working capital loans.

### Types of financial assistance: (identical to Type 1)

- Long-term low interest loans for facility damage or economic injury
- Business loans up to \$2 million (4.0%\* APR) for facility damage or economic injury



\* Rate subject to change

Hurricane Isabel, September 2003

## Criteria to pursue assistance:

- The business must operate in a county that has declared a State of Emergency or State of Disaster

## Application process for business owners:

Once the president has issued a disaster declaration, FEMA, the Small Business Administration and the state will set up a disaster recovery center to take loan applications from business owners impacted by the disaster. Business owners can apply for loans on line or at the center. SBA awards loans directly to the business owner if applicable.

## Public Assistance for Local Governments or Non-Profit Agencies

**Who is eligible?** Local governments, state agencies, certain private non-profit agencies and federally recognized Indian Tribal governments that are located in declared disaster areas may receive grants for clean up and/or repair for damaged facilities and infrastructure.

### Financial assistance can be used for:

- ✓ Clearing debris
- ✓ Emergency protective measures (including public transportation and counseling)
- ✓ Repairing roads and bridges
- ✓ Repairing or replacing water control facilities
- ✓ Repairing or replacing buildings and equipment
- ✓ Repairing or replacing utilities
- ✓ Repairing or replacing parks and recreational facilities



*Local governments can use grants to clear debris from roadways or for additional law enforcement.*

## Criteria to pursue public assistance grants:

- State of Emergency declared by the county and state
- Compliant with the National Flood Insurance Program
- Uninsured losses meet or exceed \$13,063,612.\* (for statewide declarations) **AND**
- Uninsured losses must exceed the federal threshold (or \$3.45 per person x county's population)\*

*\*Figure changes annually based on statewide per capita impact indicator*

## Process to pursue public assistance grants:

1. County and state declare a state of emergency.
2. The counties or municipalities request a preliminary damage assessment from N.C. Emergency Management.
3. NCEM and FEMA crews visit the impacted area to survey the damage done to public facilities or infrastructure and discuss estimated costs for response and recovery.
4. The governor will request a federal declaration in writing to the Federal Emergency Management Agency.
5. FEMA will then request a federal declaration in writing to the president.

*Note: Each county must qualify separately for financial assistance. Also, applicants must document all response and recovery costs in order to receive any financial assistance.*

## Assistance For Local or County Governments to Prevent Future Damage

**Who is eligible?** Local or county governments that have adopted and approved a hazard mitigation plan may compete for federal grants.

### Financial assistance can be used for:

Any cost-effective project that will reduce impact of future natural hazards, such as:

- ✓ acquiring and demolishing at-risk properties
- ✓ elevating flood-prone structures
- ✓ flood proofing critical facilities such as sewage handling facilities or water treatment plants
- ✓ developing and updating hazard mitigation plans.

## Criteria to pursue hazard mitigation grants:

- Federal State of Disaster declared
- County must comply with the National Flood Insurance Program
- County must have approved and adopted Hazard Mitigation Plan

## Process to pursue hazard mitigation grants:

If the state receives individual and public assistance funds, 15% of the total federal grant is designated for hazard mitigation projects to minimize damage from future disasters.

1. NCEM will establish program priorities and request project proposals from local and county governments. (Each entity's proposal must be consistent with state and local hazard mitigation plans.)
2. The state will submit project proposals and suggested grant amounts to FEMA for approval.
3. The state awards federal funds for projects based on 75% federal and 25% state or local cost share.

**Timeframe:** Applications for Hazard Mitigation Grant Program funds must be submitted to FEMA within 12 months from the date the disaster was declared.

## *Type 3 Disaster*

This is a widespread, catastrophic disaster devastating numerous counties, regions or even states. Federal and state funds are used to help individuals, businesses or local governments make repairs and recover from the disaster. Long-term recovery programs are established to recuperate from the disaster. FEMA may provide between 75-90% of the funds and the state or local government will pay the remaining share. Historically, federal funds have paid for a larger portion of the response and recovery costs in Type 3 disasters.

### **Example:**

Hurricane Floyd -  
September 1999



*About 30 downtowns were submerged following Hurricane Floyd in 1999.*

## Criteria for Type 3 Disaster Declaration:

- The president of the United States has issued a major disaster declaration (pursuant to the Stafford Act) **AND**
- The preliminary damage assessment indicates that the extent of damage is expected to meet the established threshold for federal disaster assistance; **OR**
- The preliminary damage assessment prompts the governor to call a special session of the General Assembly to establish programs to meet the unmet needs of individuals or political subdivisions affected by the disaster.

**Timeframe:** A Type 3 disaster declaration expires 24 months after it is issued unless renewed by the governor or the General Assembly.

*Hurricane Floyd in 1999 was a Type 3 disaster.*



## Individual Assistance

Same as Type 2 disaster

## Assistance For Local Governments or Non-Profit Agencies

Same as Type 2 disaster

## Assistance For Local or County Governments to Prevent Future Damage

Same as Type 2 disaster

## Assistance For Business Owners

Same as Type 2 disaster



## ***Financial Assistance to Mitigate Future Disasters***

Several other programs provide federal money to mitigate damage from future disasters. Funds are provided through annual Congressional appropriations; actual funding amounts vary from year to year. Each spring, N.C. Emergency Management requests project proposals from local and county governments to compete for federal funds. NCEM staff are available to provide guidance and help local governments identify possible projects

## ***Pre-Disaster Mitigation Program***

**Who is eligible?** Any local or county government with an approved and adopted current Hazard Mitigation Plan can apply and compete for these federal funds.

**Type of financial assistance:** About \$150 million is appropriated annually to finance a variety of local programs across the country designed to reduce the impact of future events. Funds are provided on a 75% federal; 25% non-federal cost basis.

## ***National Flood Mitigation Fund***

The National Flood Insurance Program Reform Act of 2012 consolidates the former Flood Mitigation Assistance Program, Severe Repetitive Loss Program and Repetitive Flood Claims Program into a single program called the National Flood Mitigation Fund. This program is to be funded at \$90 million per year, with funds allocated to states using a formula-based approach that considers each state's pro-rata share of NFIP claims for a given year.

**Who is eligible?** Any local or county government with an approved and adopted current Hazard Mitigation Plan can apply and compete for these federal funds.

**Type of financial assistance:** Funds are appropriated annually to finance a variety of local programs designed to reduce repeat claims on the National Flood Insurance Program. Funds are provided on a 75% federal; 25% non-federal cost basis. In North Carolina, the 25% cost share is borne by local governments who may pay the match out of their budget, or pass the responsibility for the match along to property owners who benefit from the program.





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Online Update: 11/12