



**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# No Rain Delays Here! The New Floodplain Regulation is Coming Your Way!

Moderator: Alison Lemle, VIUM Capital

Panelist: Rachel Coleman, HUD, ORCF

Panelist: Angelique Crews, Partner Engineering and Science

Panelist: Jacob Levine, HUD

Panelist: Staige Miller, AEI Consultants

# Meet the Racers



**Lane 1:  
Alison Lemle  
Moderator**

Chief Underwriter Managing  
Director  
VIUM Capital



**Lane 2:  
Rachel Coleman  
Panelist**

Supervisory Account  
Executive  
HUD/ORCF



**Lane 3:  
Angelique Crews  
Panelist**

Principal, Technical  
Director – HUD  
Environmental Sciences  
Partner Engineering and  
Science, Inc.



**Lane 4:  
Jacob Levine  
Panelist**

Environmental Specialist  
Office of Housing



**Lane 5:  
Staige Miller  
Panelist**

Senior Vice President –  
HUD Environmental  
Services  
AEI Consultants

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America



## Discussion Topics

- Federal Flood Risk Management Standard (FFRMS) Overview
- Impacts to Processing 232 Transactions with Examples...Remain Calm!
- Modified 8-Step/5-Step Process...What's Changing?
- ORCF Implementation of the New Guidance

# Federal Flood Risk Management Standard (FFRMS) – The Why



- FFRMS Executive Order is required by all Federal Agencies
- From 1980-2023, the US has seen significant increases in flood disasters with damages exceeding \$1 billion
- Flood damage is impacting areas outside of FEMA's Special Flood Hazard Area (SFHA).
- Most Importantly, HUD/ORCF's goal is to provide safe supportive housing for seniors and the new guidance allows them to better evaluate and mitigate future flood risk.

# Federal Flood Risk Management Standard (FFRMS) – The Challenges and the Benefits

## CHALLENGES

- HUD's regulatory floodplain has expanded from the previous 500-year for critical actions.
- Historically, reviewers could rely solely on FEMA FIRM Maps for floodplain determination.
- Defining the floodplain may now require a review of multiple sources
- Reviewers will also need to know the flood elevations, not just floodplain boundaries.



## BENEFITS

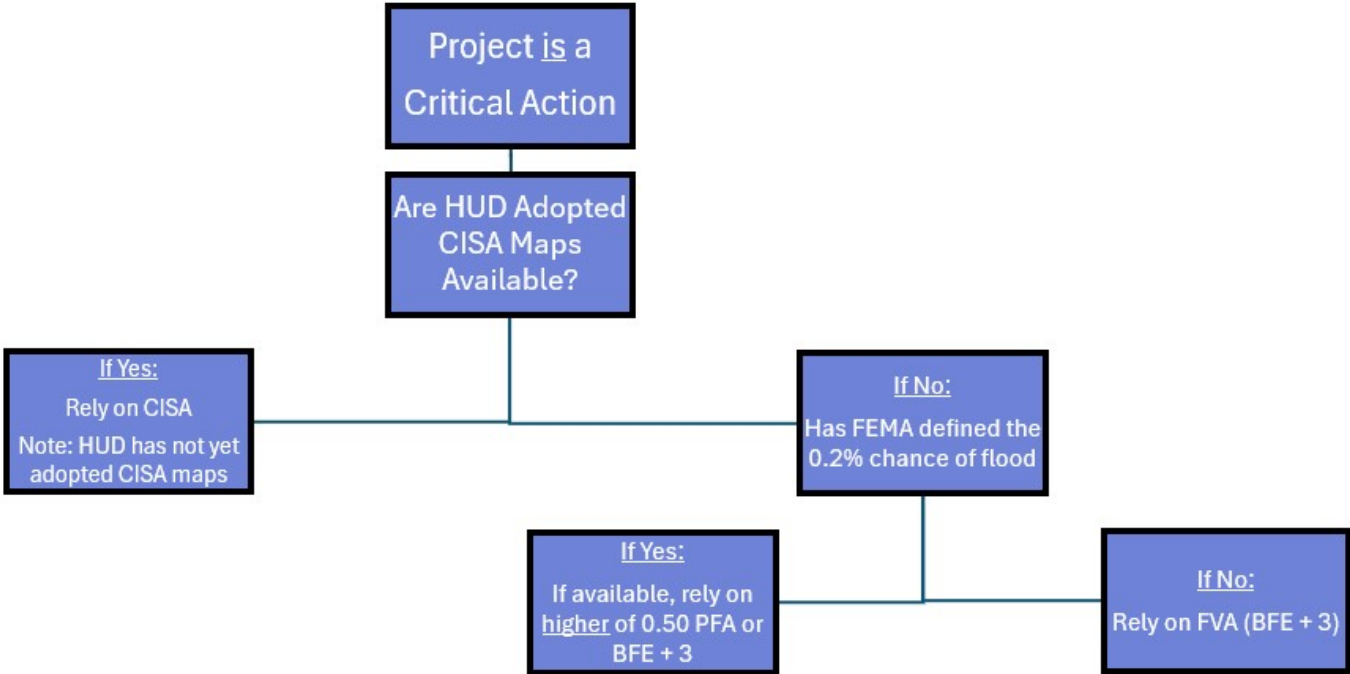
- The update to CFR Part 55 has increased flexibility when a floodway is onsite, and improvements are in the floodplain. However, there is still additional risk with this scenario, and it's always best to consult Lean Thinking.
- The modified 8-step has removed the requirement to mark the building on past or future flood levels, greatly decreasing the instances where an elevation certificate is required.



## Three Ways to Define the Floodplain (See CFR 55.7)

1. The Climate Informed Science Approach (CISA): modeling on projected sea level rise incorporated into flood risk mapping
  - Reviewers can check for Federal CISA using the [Federal Flood Standard Support Tool](#) (FFSST)
    - Refer to the “Defining the FFRMS Floodplain” training completed October 21, 2024 for detailed guidance on using the Federal Flood Standard Support Tool.
  - Note: HUD has not formally adopted a CISA resource yet.
2. 0.2 Percent Floodplain Approach (0.2PFA): Use the 500-year floodplain instead of the 100-year floodplain
3. Freeboard Value Approach (FVA): two feet, or three feet for critical actions, added to the 100-year flood elevation, floodplain extends to that new elevation

# Identifying the FFRMS Floodplain





## Determining FFRMS for Critical Actions

1. Locate the project in FEMA's [Map Service Center](#) or [National Flood Hazard Layer](#).
2. Check for nearby floodplains
3. SFHA is still part of the floodplain.
4. Compare site to 500-year floodplain, or 500-year elevation in Flood Insurance Study
5. Find the BFE and add three feet. Compare project site to new elevation.
6. The FFRMS floodplain is the larger of Steps 4 or 5

\*If the site includes the FFRMS floodplain, the 8-step or 5-step decision making process is required. New construction and substantial improvement require elevation or floodproofing to the FFRMS elevation.

\*\*Review of CISA maps is not included in the above as it has not yet been formally adopted by HUD. Once adopted, the above guidance will be updated.



# Federal Flood Risk Management Standard (FFRMS) – \*\*\*Important Reminders\*\*\*

While the Federal Flood Risk Standard (FFRMS) impacts how we evaluate floodplains and when the 8-step and 5-step processes are required, FEMA Flood Maps and FEMA Preliminary Maps still drive Handbook Guidance in many areas:

- **Section II, Production, Chapter 7.5.C.9:**

- For Section 223(f) purchase or refinancing actions described in 24 CFR 55.12(a)(2), or repair, rehabilitation, modernization, weatherization or improvement actions described in 24 CFR 55.12(a)(3), an abbreviated decision-making process pursuant to 24 CFR 55.12(a) may be used by HUD to determine their acceptability. The Department will evaluate risks and mitigation measures in making its decision but it discourages these actions if either the lowest floor, or the life support facilities, or egress and ingress of the existing building, are below the 100-year floodplain line.
- The above guidance will continue to be based on FEMA Flood Map and Preliminary Map elevations. FFRMS elevations will not impact this guidance.
- Note: If you are attempting to submit an application where portions of the building/ingress/egress/mechanicals are below the 100-year BFE, contact Lean Thinking early in the process!

- **Section II, Production, Chapter 7.5.D:**

- In accordance with 24 CFR 50.4(b)(1), and as described in Section 7.5.C.12 above, flood insurance is required when any portion of a structure is located in a 100-year floodplain.
- The above guidance will continue to be based on FEMA Flood Map and Preliminary Map elevations. FFRMS elevations will not impact this guidance.



# Riders Up! Load! They're Off!

Applying What We've Learned to Real World Examples

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America



**Example 1:** 232/223(f) Refinance of a 105-Unit/Bed Skilled Nursing, Assisted Living, and Independent Living Facility located in Springfield, OH.

- Critical Action based on resident population
- The building is located in flood zone X and a small corner of the site is in zone AE.
- No differences in FEMA and Preliminary Maps.
- Elevation of the building is 933' compared to the adjacent BFE that is between 930' and 931'

What do we do next?

## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America



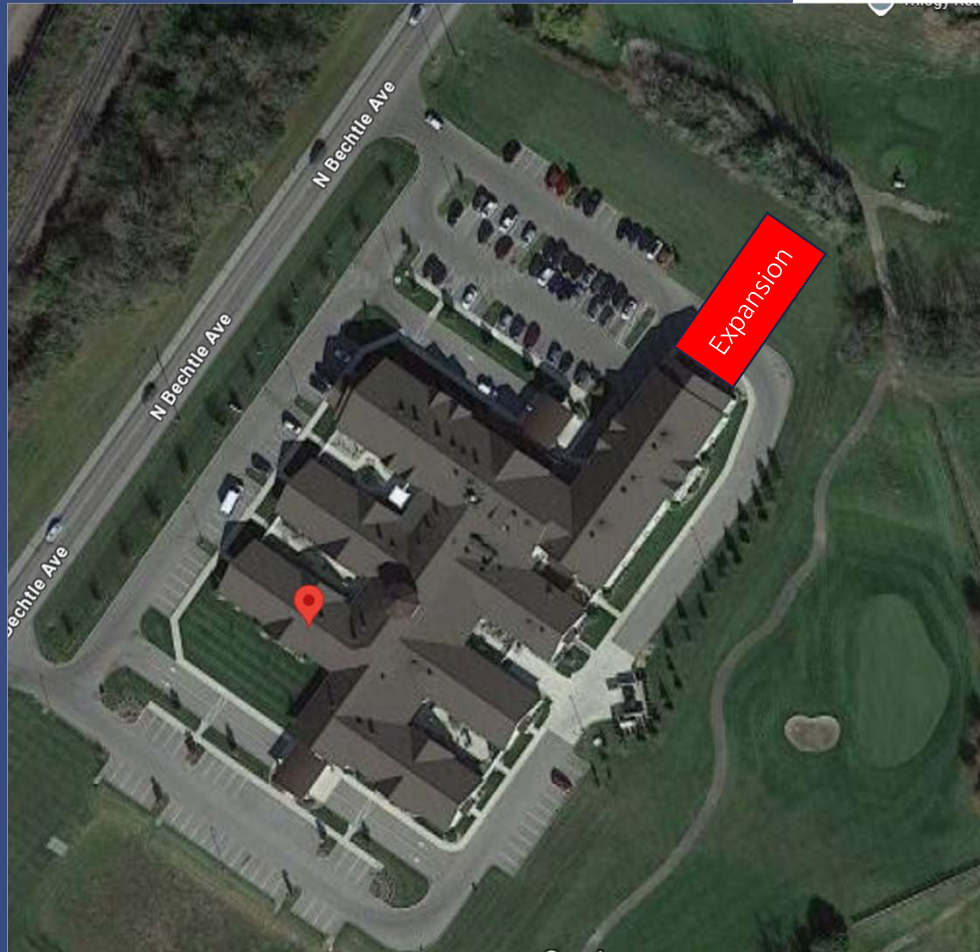
1. Locate the project in FEMA's Map Service Center or National Flood Hazard Layer.
  - Project is located in Zones X and Zone AE. The building is located entirely in Zone X.
2. Check for nearby floodplains
  - There is a very small adjacent 500-year floodplain and there are no elevations.
  - The closest adjacent floodplain is Zone AE with base elevations between 930 feet and 931 feet.
3. Compare site to 500-year floodplain, or 500-year elevation in Flood Insurance Study
  - N/A – The 500-year floodplain is without BFE in this example.
4. Find the BFE and add three feet. Compare project site to new elevation.
  - $BFE + 3 \text{ feet} = 934 \text{ feet}$
  - Project Site Elevation is 933 feet



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

- Although CISA Maps have not fully been adopted, data for the subject was available on the Federal Flood Standard Support Tool
- Observations:
  - FFRMS Flood Elevation of 934.3 feet
  - The FFRMS Floodplain encroaches the structure
- After comprehensive review to determine FFRMS for the subject, the requirements for Submission are as follows:
  - Modified 8-step/5-step process = **YES**
  - Flood Insurance = **NO**
  - In this example, the subject's elevation of 933 feet is below the FFRMS floodplain elevation of 934.3 feet. Is there an eligibility concern based on Section II, Production, Chapter 7.5.C.9? **NO**



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

**Example 2:** The same facility from example 1 is now looking to renovate/expand the facility using the 232/241(a).

- Critical Action based on resident population
- Scope consists of existing footprint renovation plus 24-unit/24-bed expansion totaling \$5MM
- A review of FEMA shows the building is located in flood zone X and a small corner of the site is in zone AE.
- No differences in FEMA and Preliminary Maps.
- Elevation of the existing building is 933 feet compared to the adjacent BFE that is between 930 feet and 931 feet

What do we do next?



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

1. Locate the project in FEMA's Map Service Center or National Flood Hazard Layer.
  - Project is located in Zones X and Zone AE. The building is located entirely in Zone X.
2. Check for nearby floodplains
  - There is a very small adjacent 500-year floodplain and there are no elevations.
  - The closest adjacent floodplain is Zone AE with base elevations between 930 feet and 931 feet.
3. Compare site to 500-year floodplain, or 500-year elevation in Flood Insurance Study
  - N/A – The 500-year floodplain is without BFE in this example.
4. Find the BFE and add three feet. Compare project site to new elevation.
  - $BFE + 3 \text{ feet} = 934 \text{ feet}$
  - Existing Structure Elevation is 933 feet



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

### Action Steps:

- After comprehensive review to determined FFRMS for the subject, the requirements for Submission are as follows:
  - 8-step process = **YES**
  - Flood Insurance = **NO**
  - Elevate above grade = **??**

## When is Elevation Required?





## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

### Elevate Above Grade:

#### Test #1:

- Does the number of Units increase by more than 20%?
  - 24-new units / 105 existing units = **22.8%**

#### Test #2:

- Does the scope rise to the level of “substantial improvement” under 55.2(b)(12)?
  - Does the cost of improvement exceed 50% of the market value before the improvement or repair is started?
    - \$5M Project Cost / \$30M As-Is Value = **16.6%**
- If either of these tests are “Yes” the entire building (existing structure as well as the proposed addition attached to the existing structure) must be at an elevation above the FFRMS floodplain, making this and many 232/241(a) transactions infeasible.

**Early Review of FFRMS for Construction Projects is ESSENTIAL!**

## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

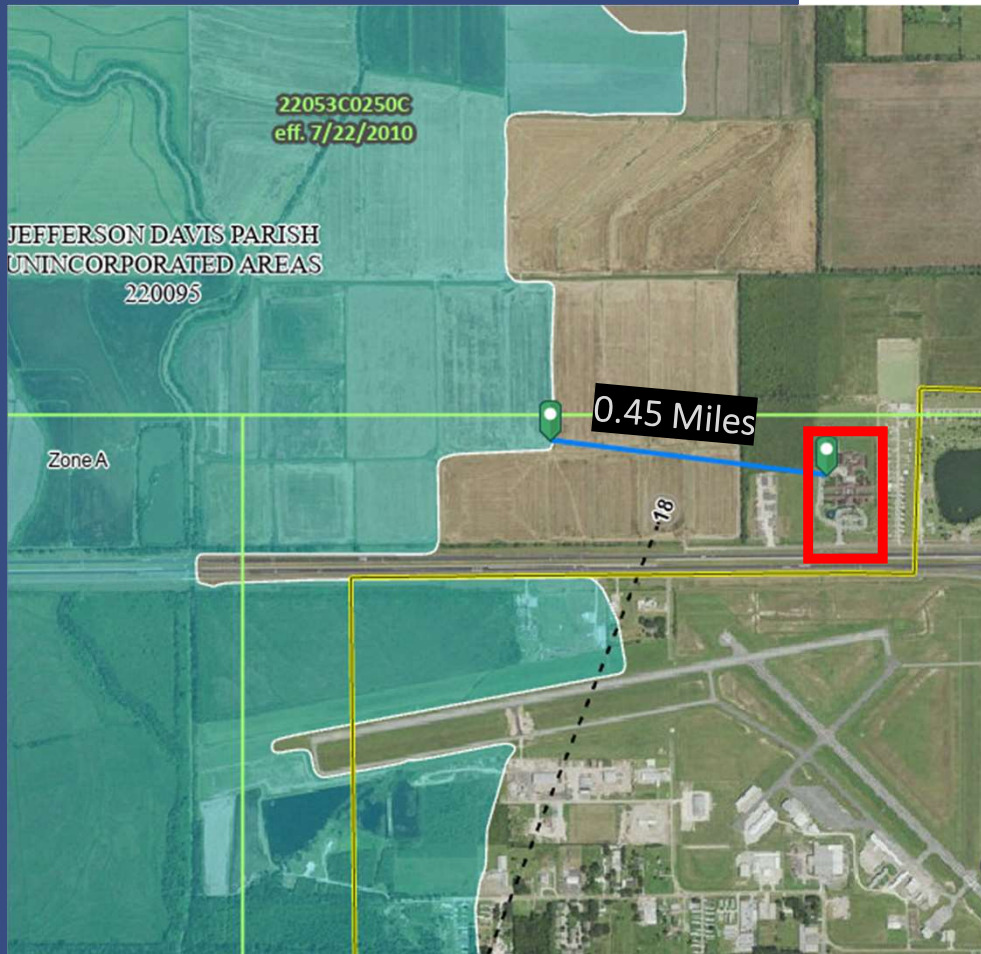


**Example 3:** 232/223(f) Refinance of a 120-Bed Skilled Nursing Facility located in Jennings, LA.

- Critical Action based on resident population
- The entire project site is located in flood zone X.
- No differences in FEMA and Preliminary Maps.

Smooth Sailing Right?

Not So Fast....



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

1. Locate the project in FEMA's Map Service Center or National Flood Hazard Layer.
  - The subject site is located entirely in Zone X.
2. Check for nearby floodplains
  - 0.45 miles west of the subject there is a large area of Flood Zone A, without base flood elevation.
3. Compare site to 500-year floodplain, or 500-year elevation in Flood Insurance Study
  - N/A – There is no adjacent 500-year floodplain
4. Find the BFE and add three feet. Compare project site to new elevation.
  - The adjacent Floodplain is Zone A, without base flood elevation.

How do we determine whether our site is in an FFRMS Floodplain?

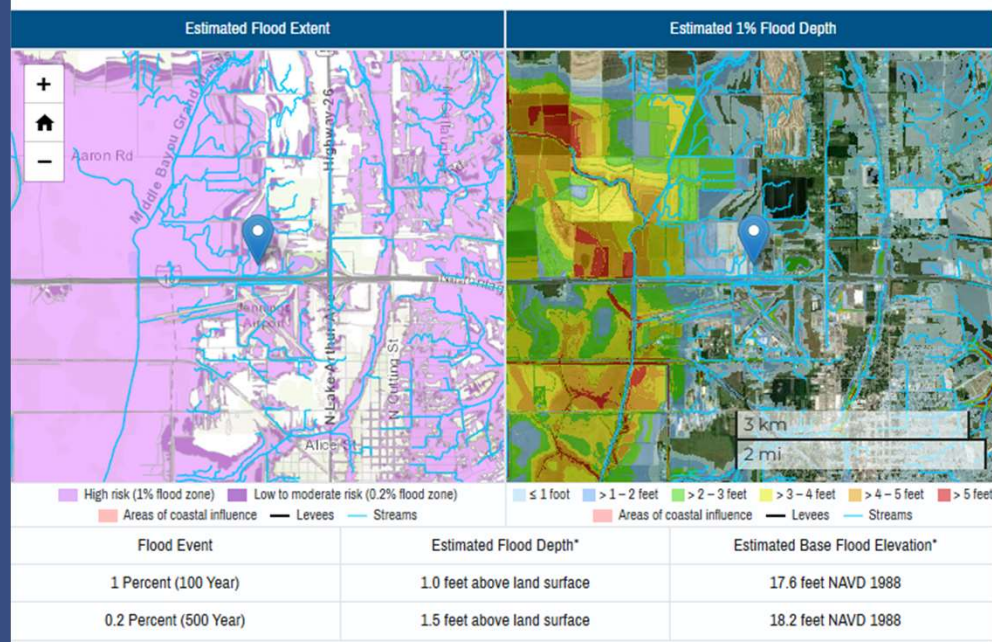
## Estimated Base Flood Elevation (estBFE)



### Flood Risk Information Report

Latitude 30.2481, Longitude -92.6732 (Jefferson Davis Parish, LA)

FEMA is providing a look at flood data availability and relative Base Level Engineering analysis through the Estimated Base Flood Elevation Viewer (Estimated BFE Viewer). Base Level Engineering uses high resolution ground elevation data, flood flow calculations, and fundamental engineering modeling techniques to define flood extents for streams. The viewer is an effective tool for property owners, community officials, and land developers to identify flood risk, estimated flood elevations, and flood depths for watersheds where Base Level Engineering has been prepared.



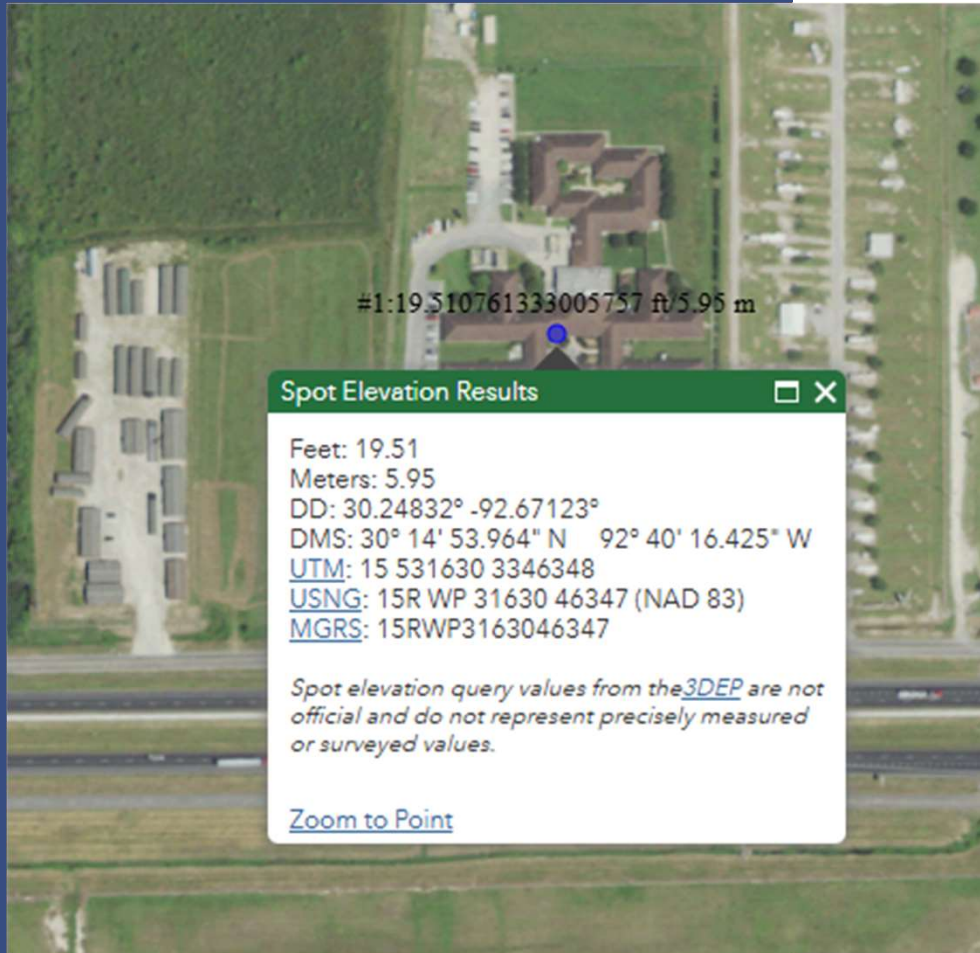
## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

- Since Zone A is without BFE, we can utilize FEMA's Estimated Base Flood Elevation Viewer.
  - FEMA Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas)
  - FEMA Region 9 (Arizona, California, and Nevada)
  - [FEMA's Estimated Base Flood Elevation \(BFE\) Viewer](#)
- A review of the Estimated BFE Flood Risk Information Report shows the estimated 100-year BFE at 17.6 feet and the 500-year BFE at 18.2 feet.
- The FFRMS Floodplain is the greater of the following:
  - 500-year at **18.2 feet**
  - 100-year + 3 feet = 17.6 feet + 3 feet = **20.6 feet**
- The FFRMS Floodplain elevation is **20.6 feet**.

## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America



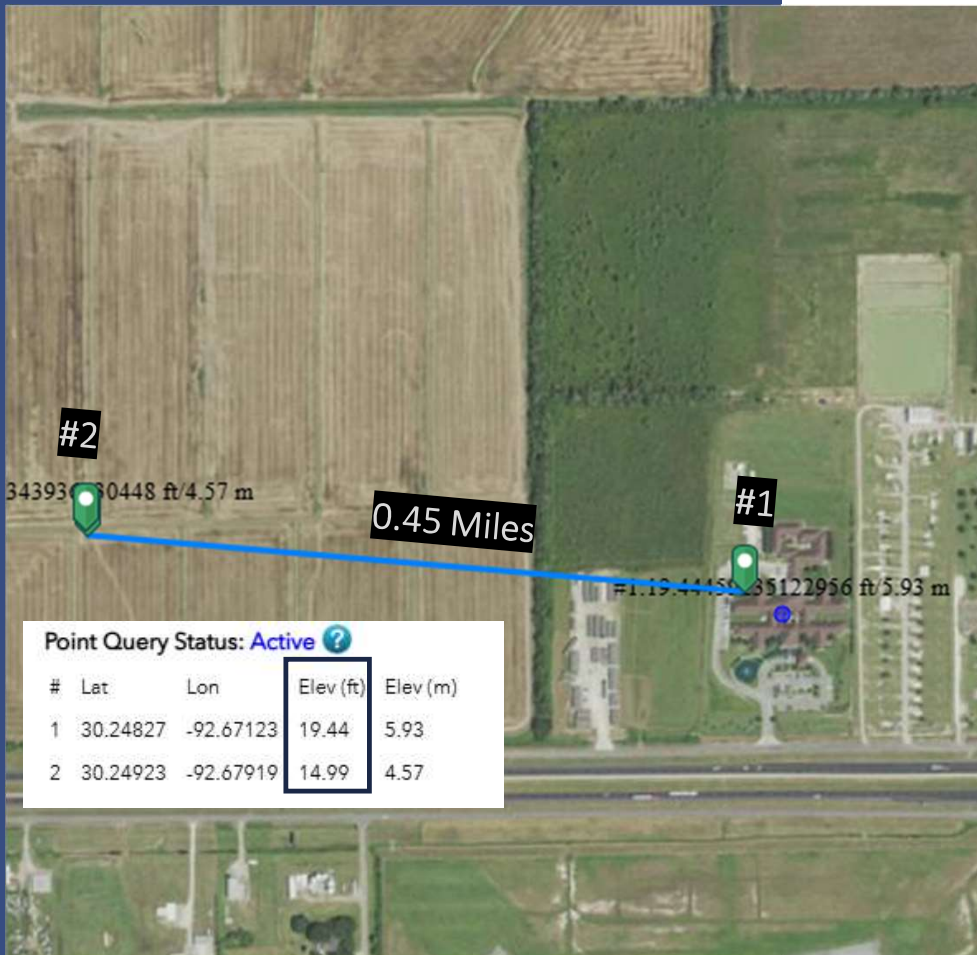
- The final step is to compare the FFRMS elevation to the elevations of the building.
  - Note, because the subject structure is in Flood Zone X, an elevation certificate is not required.
- A review using USGS National Map Viewer shows the elevation of the subject is **19.51 feet**.

### Action Steps:

- After comprehensive review to determine FFRMS for the subject, the requirements for Submission are as follows:
  - Is the subject in a FFRMS floodplain? **YES**
    - The site has an elevation of 19.51 feet compared to the FFRMS elevation of 20.6 feet.
  - Modified 8-step/ 5-step process = **YES**
  - Flood Insurance = **NO**
  - In this example, the subject's elevation of 19.51 feet is below the FFRMS floodplain elevation of 20.6 feet. Is there an eligibility concern based on Section II, Production, Chapter 7.5.C.9? **NO**

### Example 3: What If?

- If the FEMA Estimated Base Flood Elevation Viewer was unavailable for this example, how could the Lender determine if the subject site is in an FFRMS floodplain given Zone A is without base flood elevation?
  - Utilize USGS to compare the elevations of the area in the adjacent Zone A floodplain to the subject
    - Review 0.45 miles west of the subject consistent with the distance from the adjacent floodplain noted in slide 19. The elevation of this area is 14.99 feet. Three feet was then added to this elevation to get to the FFRMS floodplain elevation of **17.99 feet**.
    - Comparing the subject elevation of **19.44 feet** to the adjacent elevation + 3-feet of **17.99 feet** would conclude that the subject is not in an FFRMS floodplain.

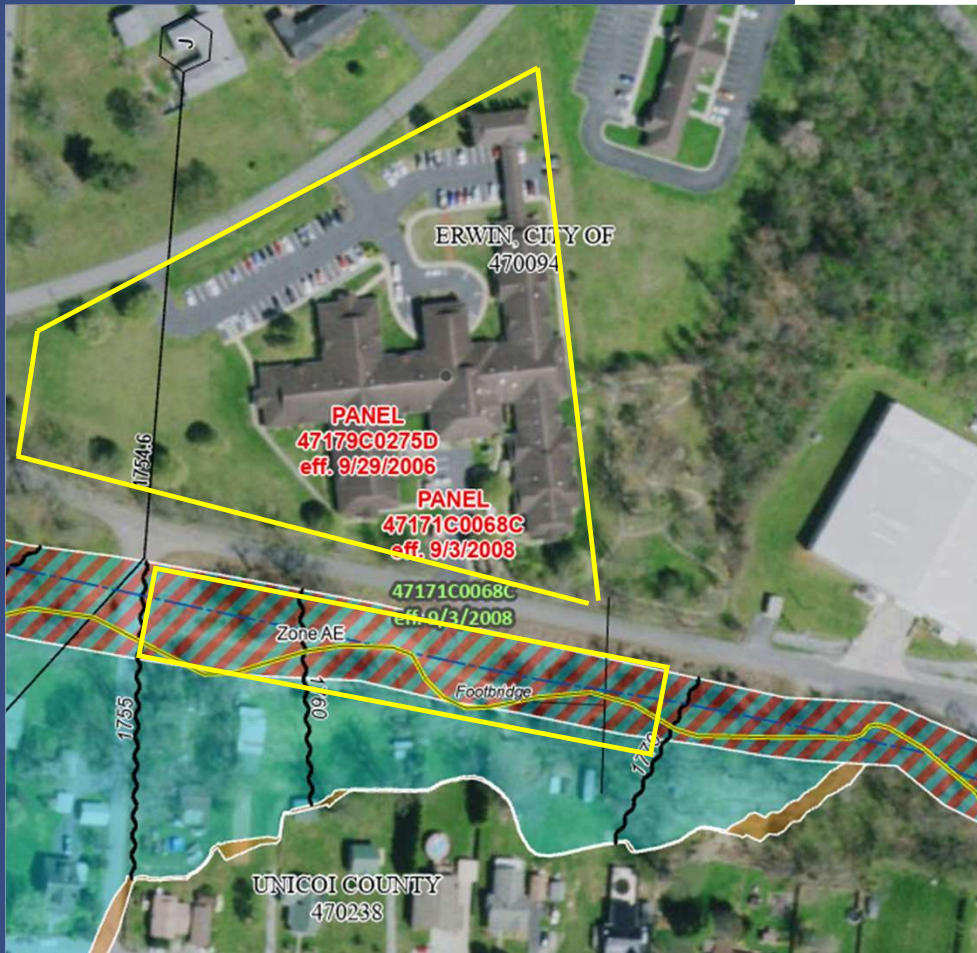


### Example 4: When Floodways are Involved

232/223(f) Refinance of a 78-Unit/120-Bed Skilled Nursing Facility located in Erwin, TN.

- Critical Action based on resident population
- Collateral contains two tracts. Tract A is located in Zone X and contains the subject facility. Tract B is located in Zone AE/Floodway
- No differences in FEMA and Preliminary Maps.

What do we do next?



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America



- The subject is in an FFRMS floodplain due to the location of the floodway on Tract 2.
- The elevations of Zone AE/Floodway are between 1760 feet and 1770 feet. Adding 3 feet to the elevations would result in an FFRMS floodplain elevation between 1763 and 1773 feet.
- The Elevations of the subject building is 1760.16 feet.

### Action Steps:

- Modified 8-step/ 5-step process = **YES**
- Flood Insurance = **NO**
- In this example, the subject's elevation of 1760.16 feet is below the FFRMS floodplain elevation. Is there an eligibility concern based on an onsite floodway and the elevations of the building placing it in an FFRMS floodplain **NO**

WHY?





## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

- For Critical Actions containing floodways, a project site is eligible if:
  - There are no improvements in the floodway or only de minimis improvements like landscaping or walking trails are in the floodway.

AND

- Any repair is limited to the existing footprint without expansion in the FFRMS floodplain.
- NOTE: Although the FFRMS Executive Order no longer renders ineligible transactions with a de minimis floodway and improvements in a floodplain, these types of transactions should be vetted through Lean Thinking!

### What Ifs:

- The same facility is contemplating a 232/241(a) expansion that would be built on Tract 1, within FEMA flood zone X. Would the project be eligible? **NO**
  - The onsite floodway prohibits expansion into the FFRMS floodplain.
  - NOTE: If the floodway were carved off of the collateral, the 241(a) project would still potentially be ineligible as the building is in the FFRMS floodplain. Depending on size of unit expansion/cost of project, the existing structure/addition may need to be raised above grade making the project infeasible.



# You're in an FFRMS Floodplain, Now What?

The Modified 8-Step/5-Step Process

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# Modified 8-Step/5-Step Process



- Because the FFRMS Executive Order is a more forward-looking approach to changes in floodplains and requires a deeper review of adjacent floodplains, we anticipate an increase in the number of modified 8-step/5-step processes that will be required in the processing of 232/223(f) transactions.
- We have focused our discussion on the modified 8-step/5-step vs. the full 8-step process due to the high % of refinance volume with ORCF, but we can certainly answer any questions on the additional steps as needed.
- The next sections will walk through the requirements of the modified 8-step/5-step process and discuss any changes to existing requirements as part of the FFRMS Executive Order.



- Evidence of Participation in an early warning system
  - Indicate the specific method(s) used to monitor weather conditions and flood alerts.
  - The early warning system should serve all facility occupants.
  - Examples include NOAA weather radio continuously monitored by staff and an emergency alert agreement with the state or municipal emergency services agency.
- There is no material change to this requirement with the implementation of the FFRMS Executive Order.



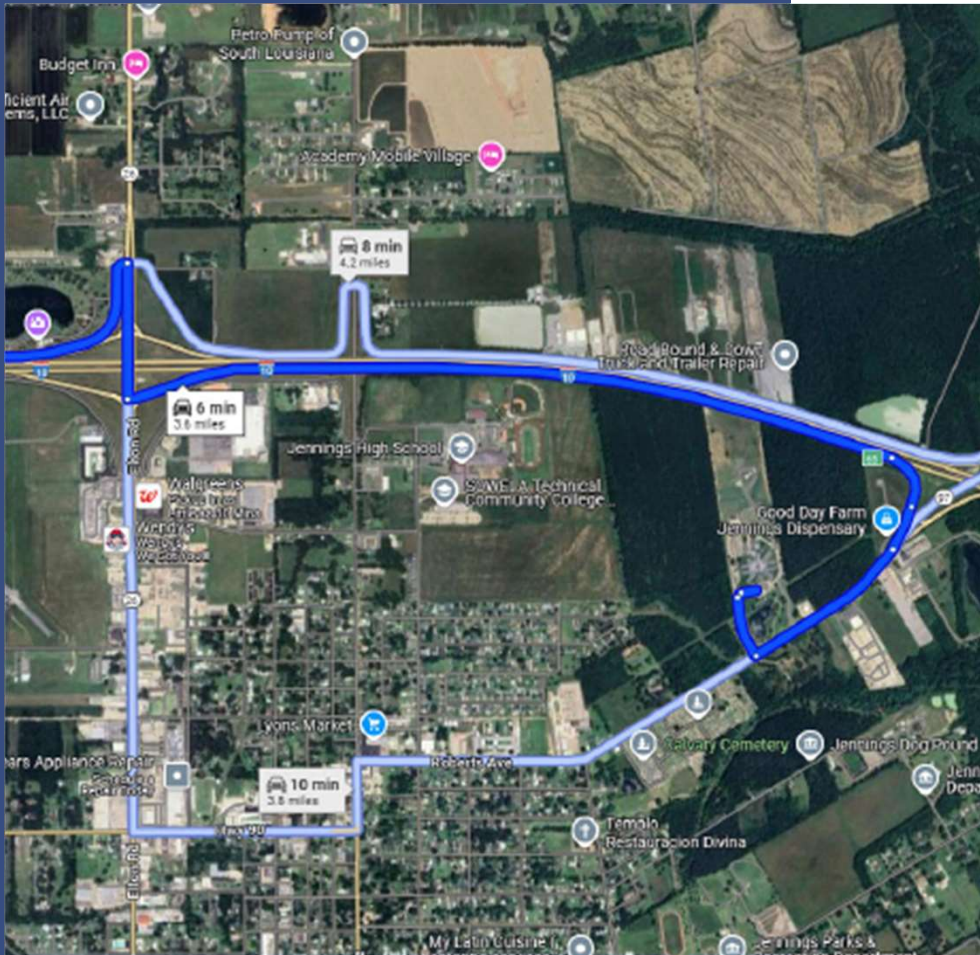
## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

- **Emergency Evacuation and Relocation Plan**
  - For all healthcare facilities, evacuation route(s) out of the FFRMS floodplain must be identified and clearly communicated to all residents and employees.
  - Such actions must include a plan for emergency evacuation and relocation to a facility of like capacity that is equipped to provide required critical needs-related care and services at a level similar to the originating facility.
  - The Lender will need to evidence an agreement with the relocation facility as part of this step.
- There is no material change to this requirement with the implementation of the FFRMS Executive Order.

## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America



- Identification of Evacuation Route(s) out of the 500-year Floodplain
  - Provide road maps and the flood designation of the relocation sites. Provide evidence that the relocation sites are outside of the 100 and 500-year floodplains.
  - As discussed on the prior slide, the relocation site must be a like facility providing services for critical action.
  - **Note:** The Lender does not need to evidence that the relocation site is outside of the FFRMS floodplain.



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

- Identification Marks of Past or Estimated Flood Levels on all Structures in a 100-Year and 500-Year Flood Zone, or that have Previously Flooded

**GONE!!!**

- **Note:** With the elimination of this step, the only time an elevation certificate is required for 232/223(f) transactions is when the building is located in the 100-year floodplain and the Lender needs to establish compliance with Section II, Production, Chapter 7.5.9



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

- **Example Resident Notifications**
  - New and renewal leases must include acknowledgements signed by residents indicating that they have been advised that the property is in a floodplain and flood insurance is available for their personal property.
  - **Change:** Notifications must now also include the following:
    - Location of ingress and egress routes relative to the FFRMS floodplain
    - Available notification resources
    - Subject facility's emergency procedures for residents in the event of flooding





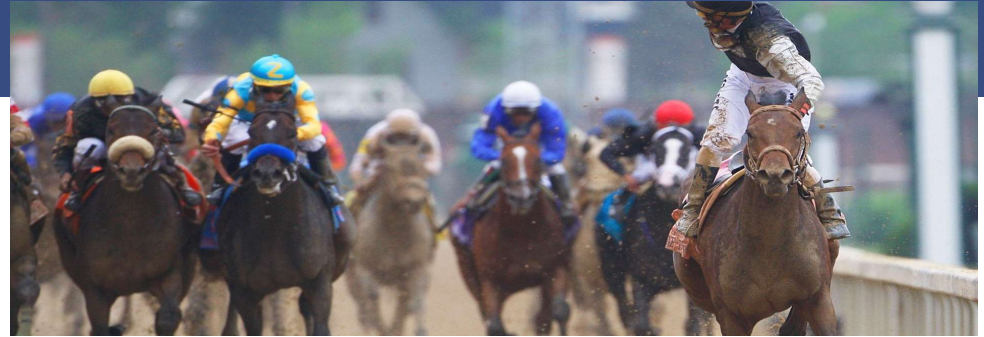
# ORCF Implementation of FFRMS Executive Order

## The Process

**HEALTHCARE MORTGAGEE ADVISORY COUNCIL**

Financing Seniors Housing for America

# Section 232/223(f) Applications



- ORCF will endeavor to complete HEROS reviews prior to January 1, 2025 for the following applications in queue:
  - Applications submitted prior to November 15, 2024 where the Lender has completed a HEROS review
  - As time permits, applications submitted prior to November 15, 2024 where the Lender did not provide a HEROS review.

# Section 232/223(f) Applications – The Process

- Applications submitted after November 15, 2024 should submit FFMRS documentation! If changes need to be made in queue to comply with the FFRMS Executive Order, follow the below guidance:
  - ORCF will open an RAI to update applications in the portal post submission.
  - Please DO NOT have the Phase I consultants request a return of the HEROS review to revise HEROS submittal.



- Documentation: If an application is submitted after November 15, 2024 under the old floodplain guidance, the following documents should be provided to ensure compliance:
  - Evidence as to whether the subject facility is or is not in an FFRMS floodplain.
  - If the subject is located in an FFRMS floodplain, submission of the modified 8-step/5-step process in compliance with the new Regulation is required.



## HEALTHCARE MORTGAGEE ADVISORY COUNCIL

Financing Seniors Housing for America

### RESOURCES

- [Overview and Guidance on FFRMS Rule](#)
- [HUD Exchange Webinars on the FFRMS Rule](#)
- [Web-Based Instructional System for Environmental Review \(WISER\) - HUD Exchange](#)
- [HUD Exchange - FFRMS FAQs](#)
- [Federal Flood Standard Support Tool](#)
- [FEMA Map Service Center](#)
- [National Flood Hazard Layer](#)
- [USGS National Map Viewer](#)
- [AugEmailBlast08212024.docx](#)
- [eCFR :: 24 CFR Part 55 -- Floodplain Management and Protection of Wetlands](#)

# Questions?