

Virginia Safeguarding
Tomorrow Through
Ongoing Risk
Mitigation Revolving
Loan Fund Program
Intended Use Plan

March 2026



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1. Introduction

1.1. Status of the Virginia Safeguarding Tomorrow Through Ongoing Risk Mitigation Revolving Loan Fund

Provide information about the following items:

- *The intended use plan purpose; include the fiscal year the use plan covers.*

The Virginia Intended Use Plan (VIUP) provides information to potential loan recipients and other interested parties about goals for the Resilient Virginia Revolving Loan Fund (RVRLF), an overview of eligible project types, the criteria for the distribution of loans, and the process for management of the loan fund. The VIUP is effective for Federal Fiscal Years 2023 and 2024 Safeguarding Tomorrow Revolving Loan Fund (STRLF) Program.

The RVRLF was established in 2022 by the General Assembly of Virginia: §§ 62.1-199 and 62.1-203 of the Code of Virginia were amended and reenacted and Chapter 6 of Title 10.1 10.1 603.28 through 10.1-603.40 of the Code of Virginia was amended.

The RVRLF will provide funding for the following:

- (i) home upgrades for resilience purposes, home buyouts necessary for the construction of mitigation or resilience projects, relocations, and buyout assistance for homes, all including multifamily units;
- (ii) gap funding related to buyouts in order to move residents out of floodplain hazard areas and restore or enhance the natural flood mitigation capacity of functioning floodplains;
- (iii) assistance to low-income and moderate-income homeowners to help lower flood risk through structural and nonstructural mitigation projects, or other means;
- (iv) loans and grants to persons for hazard mitigation and infrastructure improvement projects for resilience purposes; and
- (v) projects identified in the Virginia Flood Protection Master Plan or the Virginia Coastal Resilience Master Plan.

All projects, regardless of funding sources, will meet the eligibility requirements of the RVRLF

- *The agency that is responsible for emergency management and will oversee and manage the fund program.*

Title 44. Military and Emergency Laws » Chapter 3.2. Emergency Services and Disaster Law » § 44-146.18. Department of Emergency Management; administration and operational control; coordinator and other personnel; powers and duties establish the Department of Emergency Management as the agency responsible for emergency management in the commonwealth of Virginia. The Virginia Department of Emergency Management (VDEM) is hereafter designated as the Entity for the purposes of this VIUP and will have programmatic oversight for administering the fund.

- *The body in charge of financial management of the fund (if financial administration is combined as described in Section 4).*

Virginia Resources Authority (VRA), established in 1984 as a public body corporate and as a political subdivision of the Commonwealth of Virginia (Chapter 21 of Title 62.1 of the Code of Virginia, as amended), will be responsible for certain financial aspects of the Fund.

Pursuant to § 10.1-603.29. Resilient Virginia Revolving Fund. The Fund shall be administered and managed by the Authority as prescribed in this article, subject to the right of the Department of Conservation and Recreation (DCR), following consultation with the Authority, to direct the distribution of loans or grants from the Fund.

- *Any other entity, agency, or other party that will help manage the fund.*

VDEM in coordination with DCR and VRA, will have collaborative financial administration of the fund for projects specifically funded through STRLF funds.

1.2. Updates for Fiscal Year 2026 Safeguarding Tomorrow Through Ongoing Risk Mitigation Revolving Loan Fund

If this is the first intended use plan prepared by the entity, this section is not needed. Provide information to address the following prompts:

Virginia is currently soliciting for STORM projects; there has not been a loan financing agreement executed.

- *Summarize updates about the fund management that the entity has set up.*
- *Detail capacity-building efforts.*

DCR awarded \$11.3 million in capacity building and planning grants January 2026 to twenty-five (25) different localities and planning districts from the Virginia Community Flood Preparedness Fund (CFPF). The CFPF has similar objectives to the RVRF. Additionally, fourteen (14) grants totaling \$8.5 million were awarded for studies. These efforts are expected to result in the development of a project pipeline for the RVRLF.

- *Give updates about the use(s) of funds since the last capitalization grant.*

- *Confirm if there have been any changes to the loan interest rates and explain why.*
- *Describe any challenges that relate to staffing capacity and carrying out the program. Is the entity loan fund staffed and resourced enough? Does it have the knowledge needed to manage the operations and finances of the entity loan fund? If not, describe staffing/resource/knowledge gaps.*
- *Describe how the entity loan fund has promoted increased outreach and increased capacity building to include training in administering funds and carrying out the program. In the narrative, consider how the entity loan fund will fulfill these goals.*

2. Uses of the Virginia Safeguarding Tomorrow Through Ongoing Risk Mitigation Revolving Loan Fund (Safeguarding Tomorrow RLF)

The sections that follow let entities describe how they plan to use the grant for approved activities for the Safeguarding Tomorrow RLF program. Entities should provide details in the specified sections that apply to how they plan to use funds in their loan fund.

2.1. Virginia Program Objectives

Describe the objectives of the entity loan fund.

- *How will the entity loan fund provide loans to the local governments that need financing assistance the most?*

Previously, VDEM solicited, reviewed, and supported project applications for the Building Resilient Infrastructure and Communities (BRIC) grant program, and Flood Mitigation Assistance (FMA) grant programs. One of the challenges of these grant programs is meeting the non-federal cost share. One of the benefits of STRLF is that it can offset the non-federal cost share of these grant projects. While FEMA has not announced the selected projects, and we are uncertain about the future of BRIC, these projects will be considered for funding. VDEM sent out a survey on March 6, 2024 to local governments and stakeholders, to get information on interest in the STRLF and if they have the financial capacity to administer and repay any loans received through this program. The survey was sent to five (5) localities that submitted BRIC and FMA applications identified with a local cost share of over \$500,000. Out of the five (5) sub-applicants, three (3) indicated interest in applying for STORM. VDEM and DCR reviewed responses and then prioritized the BRIC and FMA applications.

Within the past year, VDEM has solicited, reviewed, and supported project applications for Flood Mitigation Assistance (FMA), FMA Swift Current and the Hazard Mitigation Grant Program (HMGP). VDEM is currently conducting outreach to local governments and stakeholders who have submitted HMGP to our most recent disaster, Hurricane Helene, applications to gauge interest in STRLF and will then verify they have the financial capacity to administer and repay

any loans received through this program. VDEM is also looking to fund potential projects that are not currently funded by FEMA programs but are mitigation activities. VDEM, DCR, and VRA will then review the potential applications and ability to manage a loan and prioritize the applications.

- *How will the entity loan fund support hazard mitigation projects and activities to reduce risks from natural hazards for homeowners, businesses, nonprofits, and communities by decreasing the loss of life and property, the cost of insurance, and federal disaster payments?*

The STRLF will fund residential elevations, dam adaptation projects, localized flood control projects, and critical infrastructure protection projects. These projects were evaluated for cost effectiveness and are determined to reduce future risk of flooding.

2.2. Virginia Program Goals

VDEM considers the HMA grant programs to be essential in achieving the long-term goals of reducing risk to life and property in Virginia. This includes the Flood Mitigation Assistance (FMA), FMA Swift Current, and Hazard Mitigation Grant Program (HMGP). Within the state there are many localities with on-going challenges relating to consistent flooding events, threats to critical municipality infrastructure, and disaster related damages. Therefore, funding from these grants is considerably valuable in reducing these challenges and avoiding future losses due to severe storms and other disasters. Virginia is also considering other potential mitigation projects through non-FEMA funding.

2.2.1. Connection To Other Plans And Goals

Describe how the fund will be used in line with existing planning efforts, including the entity's hazard mitigation plans. Describe how it will support other programs and efforts to reduce the impacts of major disasters as well.

The Commonwealth of Virginia Hazard Mitigation Plan (COVHMP) recently went through a revision, which has been approved by FEMA, and adopted by the Commonwealth. More specifically, this plan and the mitigation vision, goals, objectives, and actions will continue to be integrated to the maximum extent practical with state plans or programs that have already been determined to be mutually supportive and at a minimum, in need of cross-referencing. These include, but are not limited to, the following:

- Virginia Department of Planning & Budget Six Year Capital Plan
- DCR's Floodplain Management & Dam Safety Programs
- Virginia Dam Safety, Flood Prevention and Protection Assistance Fund
- Virginia Community Flood Preparedness Fund
- Virginia Coastal Resilience Master Plan
- Floodplain Management Plan for the Commonwealth of Virginia, 2026 pending update
- Scenic Rivers Program
- Virginia Outdoors Fund

- Virginia Agricultural Cost Share Program
- Virginia Natural Heritage Karst Program
- Conservation Reserve and Enhancement Program
- Commonwealth of Virginia Emergency Operations Plan, 2021
- VDEM HMA Programs
- VDEM THIRA
- Virginia Energy Plan
- VDEM Continuity of Operations Plan
- Virginia Uniform Statewide Building Code Resiliency Sub-Workgroup
- Hazardous Material Emergency Response Program
- Virginia Weatherization Assistance Program
- Virginia Behavioral Risk Factor Surveillance System
- Virginia Transportation Research Council
- VDOT Office of Transportation Sustainability
- Virginia Property System
- Virginia Coastal Zone Management Program and Coastal Policy Team
- Virginia Drought Monitoring Task Force

2.2.2. Mitigation And Resilience Goals

Provide details about plans to achieve mitigation and resilience benefits per 42 U.S.C. Section 5135(g)(2)(B), such as:

- *Reducing future damage and loss associated with hazards.*

By implementing these projects, Virginia hopes to achieve an overall reduction in risk to future flooding and drought. Flood prevention and protection projects completed as pre-disaster mitigation as well as projects completed post disaster often result in reduced future NFIP flood claims. Mitigation projects that specifically align with FEMA's Risk Rating 2.0 actuarial property assessments may also result in reduced flood insurance premiums for property owners. Many properties mitigated through these programs are also considered severe repetitive loss and repetitive loss structures, and by implementing these projects such as elevations and acquisitions, VDEM hopes to continue to achieve an overall reduction in risk to future flooding impacts as is a goal cited in United States Code Section 5135(g)(2)(B)

- *Reducing the number of Severe Repetitive Loss and Repetitive Loss structures.*

VDEM has utilized the FMA, FMA Swift Current, and HMGP grant programs to reduce the number of Severe Repetitive loss (SRL) and Repetitive Loss (RL) structures. In our most recent FMA Swift Current application period, three (3) applications were submitted for the Acquisition and Demolition of SRL and RL properties.

- *Decreasing the number of insurance claims due to injuries that result from major disasters or other natural hazards.*

VDEM has utilized the FMA, FMA Swift Current, and HMGP grant programs to reduce the number of insurance claims due to injuries that result from major disasters or other natural hazards. In our most recent HMGP application period eight (8) applications were submitted for the Acquisition and Elevation of properties.

- *Increasing community ratings under the National Flood Insurance Program's Community Rating System.*

The Community Rating System (CRS) is a voluntary incentive program that recognizes and encourages community floodplain management practices that exceed the minimum requirements of the National Flood Insurance Program (NFIP). Virginia has thirty (30) CRS communities. In CRS communities, flood insurance premium rates are discounted to reflect the reduced flood risk resulting from the community's efforts to reduce and avoid flood damage to insurable property, strengthen and support the insurance aspects of the National Flood Insurance Program and foster comprehensive floodplain management.

Mitigation actions to reduce flood risk and flood damage may result in increased CRS ratings where communities participate.

2.2.3. Short-Term Entity Safeguarding Tomorrow RLF Goals

Include a list of short-term goals that will guide decisions for the loan fund. Entities may define short-term goals based on their or local communities' needs. Short-term goals may include results that can be measured during the period of performance.

The following prompts may support the creation of short-term goals:

Short-Term Goals of the STRLF will be consistent with Goal #1 in the COVSHMP:

Goal #1 Identify, prioritize and implement projects that will directly reduce impacts from hazards and minimize long-term risk.

- *How will the entity loan fund help recipients complete projects?*

The STRLF will support the non-federal cost share of submitted HMA projects and other mitigation project not FEMA funded OR completely fund a Mitigation project that was not selected by FEMA or any other entity.

- *How will the entity loan fund disburse loans to recipients in an efficient way?*

VDEM will pass through STRLF funds to the VRA to administer loans to the selected approved project(s). VDEM will require DCR to provide documentation of non-federal cost share to VDEM from the RVRP.

- *How will the entity loan fund monitor and assess how the recipient carries out the project?*

As a requirement of the loan financing agreement between VRA and the loan recipient, the loan recipient will be required to report to VDEM quarterly the status of the project implementation.

- *How will the entity work together with areas eligible for loans with a repayment period of more than twenty years?*
- VDEM and DCR will prioritize projects submitted under HMA grants and other mitigation projects not FEMA-funded based on communities in need. Specifically, the forty-one (41) localities identified with the highest flood risk in Virginia from a 2021 survey. *How will the entity identify and arrange projects that meet program goals quickly and efficiently?*

VDEM, in consultation with DCR, will prioritize projects based on eligibility, interest, and financial capacity to administer and repay a loan with the \$5.1M minimum in mind. If one of the projects submitted gets selected by FEMA for funding under an HMA grant, and the STRLF is still below \$5.1M, then VDEM and DCR would look to fund the next project on the list. If none of the projects are selected by FEMA for further review, VDEM and DCR would prioritize full funding of the highest scoring projects until the \$5.1M minimum is met; and consider other mitigation projects not funded by FEMA.

2.2.4. Long-Term Entity Safeguarding Tomorrow RLF Goals

Include a list of long-term goals that will guide the decisions for the entity loan fund. Entities may define long-term goals based on their or local communities' needs. Long-term goals may include results that can be measured during the period of performance; the advancement of construction and phased actions; coordination with loan recipients, etc.

The following prompts may support creation of long-term goals:

Long Term Goals of the STRLF will be consistent with Goals #1 and #4 in the COVSHMP.

Goal #1 Identify, prioritize and implement projects that will directly reduce impacts from hazards and minimize long-term risk.

Goal #4 Achieve equity in awareness of hazards, their risk, and access to potential mitigation assistance for actions that increase resiliency.

- *How will the entity loan fund be managed to maintain a lasting source of funds?*

Consistent with the RVERF state legislation of a “permanent and perpetual fund”, the state partners will seek quality projects with entities that have the capacity to repay loans. VRA has existing credit underwriting guidelines that will be applied to this program. Like other loan programs, each application is subject to a credit approval prior to execution of a loan financing agreement to minimize loan losses.

- What financial metrics will be used to make sure the fund is managed well and remains effective?

Financial metrics used to ensure the fund is efficiently managed and effective in perpetuity are highlighted below:

- Asset Perpetuity Test: $\text{Total Fund Assets} / (\text{Total Cumulative Capitalization} - \text{Administrative/TA Costs Reimbursed from Capitalization})$
 - Loan loss trends
 - Investment earnings versus appropriate benchmark
 - Available amounts for Administrative Costs versus Administrative Costs necessary to support program
 - Future Lending Capacity
- *How will the entity loan fund continue to select projects effectively and clearly?*

For projects selected for STRLF, Virginia will continue to review HMA grant applications – as a lot of the technical work has already been done, as a means to leverage STRLF funding. For funded projects, VDEM will issue a press release for transparency.

- *How will the entity work with local communities to make sure a steady flow of eligible projects is submitted and ready for funding?*

Virginia will continue to solicit projects on a rolling basis for Non-Disaster and Hazard Mitigation Grant Program where there are federal declarations, and other mitigation projects not FEMA funded. VDEM will continue to look for opportunities to leverage these grant applications for the STRLF, where the communities have interest and the financial and administrative capacity to repay the loan.

- *How will the entity support communities most in need of financial assistance throughout the life of the loan fund?*

For communities that are most in need of financial assistance throughout the life of the loan, terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 30-year or less term after project completion and not longer than the expected design life of the project.

- *How will the entity use current and future assets and choose local projects in need of funding?*

The goal would be to see future grant applications from local governments that have not traditionally applied for Mitigation grants, FEMA funded and non-FEMA funded due to the inability to match the funds, but a 1% loan may be more of an attainable goal as FEMA HMA grant applications require a matching source to be identified. VDEM will emphasize that revolving income of this grant will be utilized to fund projects for communities in need in Virginia.

- *What methods will be in place to make sure capitalization grants and revolving income are used effectively?*

Quarterly reports will be required and reviewed by VDEM, DCR and VRA to ensure funds are being utilized appropriately according to the funding guidelines.

- *How will the entity make sure it follows federal program requirements?*

VDEM will pass-through all federal requirements of the loan fund to VRA. VRA will include the federal requirements in the loan financing agreement between VRA and the loan recipient, which will be signed by both parties.

- *How will the entity help recipients follow federal requirements?*

VRA's loan financing agreement will include federal terms and conditions required by the federal grant.

2.3. Virginia Program Priorities

Use information about the development of your project proposal list to complete the following sections.

2.3.1. Increase Resilience and Reduce Risk

How will the entity loan fund support projects that build resilience and reduce the risk of harm to natural and built infrastructure? The following subsections offer potential actions to build resilience and reduce risk.

Since VDEM and DCR will be utilizing the annual HMA grant application pool to evaluate potential projects for funding from the STRLF, in full, or partially, the projects are already tied to a risk of a natural hazard inherently by the program requirements. For any potential projects not funded through FEMA, we will have the required mitigation action tied to a risk to meet the program requirements.

Provide information to address the following prompts, as applicable:

Hazard Mitigation

- *How will the entity award loans to support hazard mitigation planning?*

This loan fund will not be utilized to support hazard mitigation planning efforts, VDEM has prioritized the HMGP to fund plan updates.

- *How will the loan fund be used to support local hazard mitigation activities that reduce the impacts of natural hazards? State which hazards the entity plans to address. Eligible natural hazards may include:*
 - *Drought.*
 - *Heat.*
 - *Severe storms. This includes hurricanes, tornadoes, windstorms, cyclones, and severe winter storms.*
 - *Wildfires.*
 - *Earthquakes.*
 - *Flooding. This includes the construction, repair, or replacement of a non-federal levee or other flood control structure.*
 - *Shoreline erosion.*
 - *High water levels.*
 - *Storm surges.*

Eligible natural hazards mitigated may include: Drought and prolonged episodes of intense heat, Severe storms, including hurricanes, tornadoes, windstorms, cyclones, and severe winter storms, Wildfires, Earthquakes, Flooding, including the construction, repair, or replacement of a nonfederal levee or other flood control structure, Shoreline erosion, High water levels, Storm surges.

By adopting a strategy to consider the HMA grant application pool to pull applications for STRLF, Virginia will meet this requirement.

ZONING AND LAND USE PLANNING

If the loan fund will include projects for zoning and land use planning as allowed by 42 U.S.C. Section 5135(f)(4), provide information to address the following prompt:

- *How will the entity loan fund be used to carry out zoning and land use planning changes?*

Virginia will not be using SRLF for zoning and land use planning projects.

Building Code Adoption and Enforcement

If the fund will be used to support building code adoption and enforcement, provide information to address the following prompt:

- *How will the entity loan fund be used to support building code adoption and enforcement?*

Virginia will not be using STRLF for the adoption or enforcement of building codes.

Cost Share

An entity loan fund may provide a loan to a local government for its non-federal cost share requirement of a grant under one of FEMA's Hazard Mitigation Assistance (HMA) grant programs. Its use must follow all relevant program and legal requirements. An applicant should list any potential projects, where a loan may be used for this purpose, in the project proposal list submitted with its application. Federal funds that are used to meet the non-federal cost share requirement must meet the purpose and eligibility requirements of both the relevant Hazard Mitigation Assistance grant program and the Safeguarding Tomorrow RLF program. Local governments that want to use loan funding as matching funds for a Hazard Mitigation Assistance grant should work with the applying entity to find out their funding priorities; make sure the project is captured in the entity's intended use plan and project proposal list; and position loan funding with project and grant timelines. There is no limit to the percentage of grant funds that loan recipients can use for this purpose.

If it applies, provide information to address the following prompts:

- *How will the entity loan fund be used to support loan recipients who will pay the cost share for federal and non-federal grants?*

STRLF funds in the RVRP will be specifically targeted at the HMA grant recipients. \$5M from the RVRP has been set aside for match for funds awarded through STRLF funds.

- *What other grant program(s) will the loans provide matching funds for?*

All HMA grant programs, including FMA, FMA Swift Current, HMGP, and other mitigation programs not funded by FEMA.

2.3.2. Partnerships

How will the entity loan fund include partnerships between eligible entities to carry out a project or similar projects?

VDEM will work in partnership with DCR and VRA to administer various aspects of the STRLF. VDEM will administer the programmatic aspects of the STRLF including soliciting applications, reporting to FEMA, monitoring projects and certifying projects for completion and payment. DCR

will help prioritize applications for funding and DCR and VRA will participate in the financial review and administration of the STLRF.

This text can be similar to Question 17 in the grant application form. However, it gives entities room to fully describe how they are meeting the priority in 42 U.S.C.

Section 5135(d)(3)(B) in more detail and provide this information for public comment.

2.3.3. Regional Impacts

How will the entity loan fund support projects that consider the regional impacts of hazards on river basins, river corridors, micro-watersheds, macro-watersheds, estuaries, lakes, bays, coastal regions, and wildland-urban interfaces? How will it do the same for areas at risk of earthquakes, tsunamis, droughts, severe storms, and wildfires?

Many localities in Virginia have a water body as a geographical border. In some instances, population centers sit on these areas. The focus of the STLRF is to reduce risk, so if there is a region that has a mutual benefit – VDEM would coordinate with them on the most appropriate applicant, depending on financial and administrative capability to repay the loan. Planning District Commissions have been valuable partners in the past in applying for regional projects. VDEM has seven regional offices that can help promote the program at regional meetings.

This text can be similar to Question 18 in the grant application form. However, it gives entities room to fully describe how they are meeting the priority in 42 U.S.C.

Section 5135(d)(3)(C) in more detail and provide this information for public comment.

2.3.4. Major Economic Sectors and National Infrastructure

How will the loan fund help projects that make key economic sectors and critical national infrastructure more resilient? This includes areas like ports, power and water facilities, and essential bridges and waterways for interstate commerce and global commodity supply chain assets within the entity's jurisdiction. Refer to [FEMA's Community Lifelines Resources](https://www.fema.gov/emergency-managers/practitioners/lifelines) (<https://www.fema.gov/emergency-managers/practitioners/lifelines>) to inform the content.

The HMA grant programs support these same goals. VDEM and DCR will promote the protection of infrastructure, and utilization of this grant program to offset the cost share of these costly projects.

This text can be similar to Question 15 in the grant application form. However, it gives entities room to fully describe how they are meeting the priority in 42 U.S.C.

Section 5135(d)(3)(D) in more detail and provide this information for public comment.

3. Criteria and Method for Distribution of Funds

3.1. Loan Management Information

Provide the following information:

- *Does the loan fund contain funds that are available to be disbursed as loans?*

Not including the expected 2023 STRLF capitalization grant, RVRF has funds to disburse as loans from two state appropriations.

- *What is the loan application process for financial assistance from the loan fund?*

HMA applicants are surveyed for interest in funding from the RVRF. Additional information is submitted in an application upon confirmation of an STRLF capitalization grant and amount. Following final acceptance and approval, VRA will execute a loan financing agreement with the loan recipient.

- *How will the entity use financial planning to make sure funding is available in the future?*

VRA utilizes cash flow modeling to measure asset perpetuity and the capacity for existing revolving loan programs. The information for all existing loans serves as a base. Assumptions for other variables, such as, terms, rates, future capitalization grants, state appropriations, earnings and bond issuances enable scenario analysis. See Appendix A for an example of cash flow modeling.

- *What are the short-, medium-, and long-term financial projections for the fund?*

If available, provide a detailed loan application process and/or financial planning method and supporting materials in Appendix A; include a reference in your explanation in this section.

3.2. Criteria and Method for Loan Distribution

Provide the following information:

- *What are the criteria and methods for disbursing funds to loan recipients? The following prompts may support defining criteria and methods:*

- *How will the entity determine if loan applicants have the skills and resources they need to meet requirements?*

Potential applicants for the STRLF are screened during the HMA grant application process.

- *How will the entity loan fund target funding for recipients eligible for loans with a repayment period of over twenty years? How will interest rates vary?*

VDEM's initial solicitation of projects included forty-one (41) identified communities at high risk for flooding. VDEM and DCR will prioritize funding to these underserved localities. Loans for communities that are most in need of financial assistance terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 30-year or less term after project completion and not longer than the expected design life of the project. Such loans will be appropriately secured by a general obligation pledge, certain revenues, or an annual appropriation.

- *How will the entity determine the types of assistance and interest rates for loan applicants based on their needs?*

Loans for communities that are most in need of financial assistance terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 30-year or less term after project completion and not longer than the expected design life of the project.

If applicable, provide a complete loan distribution procedure in Appendix B.

3.2.1. Creating A Project Proposal List

Entities must provide a list of project proposals that include local government hazard mitigation projects per 42 U.S.C. Section 5135(b)(1)(A). These lists should be prioritized to show how the entity will use the capitalization grant funds.

Please see project proposal list included in a separate document

Provide confirm that the entity submitted a project proposal list with the grant application. FEMA offers a project proposal list template spreadsheet to help the entity draft this list.

Prioritization Methodology

Summarize the methodology the entity used to prioritize projects in the project proposal lists. FEMA recommends creating a ranking system to decide the priority of projects to be funded. Categories for ranking may include but are not limited to:

- *Duration of a project (multiyear versus annual).*
- *Population served.*
- *Projects that align with the statutory objectives.*
- *Projects that align with the hazard mitigation plan.*
- *Readiness to proceed.*
- *Projects that promote ancillary benefits.*

Virginia looked at four (4) criteria to prioritize projects.

- Were HMA applicants interested the STRLF (based on survey)
- Did applicants have the financial and administrative capabilities to track and repay a loan (based on survey)
- Were applicants one of the forty-one (41) local governments identified in 2021 by VDEM as having the highest vulnerability to flood risk
- Including projects that less than \$5.1M up until \$5.1M was reached.

Provide a complete ranking system for prioritization in Appendix C.

Tiebreaking Procedure

- *Describe how the entity will determine which project to select if the projects have equal scores.*

The determining factor for projects that have equal scores will be based on the economic need of the locality.

4. Financial Management

4.1. Financial Status of the Virginia Safeguarding Tomorrow Through Ongoing Risk Mitigation Revolving Loan Fund

If the entity plans to combine the financial administration of the loan fund with that of another revolving loan fund established by the entity and not associated with the Safeguarding Tomorrow RLF program:

- *Name the agency that will handle the program's finances and explain its role in managing the financial side of the program.*

The RVRF will be used to pay the administrative costs of VDEM, DCR, and VRA for establishing and implementing the RVRF. In the event the capitalization grant is not sufficient, RVRF has additional state appropriations to supplement allowable administrative and technical assistance costs. Given the effort to establish a start-up fund, the maximum allowable of the greater of \$100,000 or 2 percent of the inaugural capitalization grant is anticipated. An annual 0.20% administration fee for each loan is planned for ongoing loan servicing and compliance monitoring.

As a start-up fund, technical assistance to various stakeholders will be necessary and the full five (5) percent is anticipated to be used to support these efforts. Technical assistance will include outreach and application and project support.

- *Describe how the entity will account for the capitalization grant, entity share, repayment of loans, and interest earned on amounts in the entity loan funds separate from other funds.*

In addition to managing a municipal pooled financing program, VRA serves as the financial administrator for a number of federal and state capitalized funds, including the Clean Water and Drinking Water State Revolving Funds. VRA maintains separate cash or investment accounts for each program. The existing loan and grant tracking software allows for program level and funding source tracking. Financial statements for each fund is available in VRA’s Annual Comprehensive Financial Report. Several programs have sub-accounts for additional accounting detail as needed.

- *Describe how the emergency management agency will keep control over assistance priorities and oversight activities.*

VDEM will participate in establishing the project priority scoring, application review, and advisory panel for financial assistance awards. VDEM currently serves on the state Resiliency Coordination Working Group and remains engaged and aware of state resiliency collaboration efforts.

- *Name any other revolving loan fund(s) that will be combined with the entity’s loan fund under this program for financial management.*

Financial administration for STRLF funds, federal and state match, will be managed with the Resilient Virginia Revolving Fund (RVRF) (§ 10.1-603.29, Code of Virginia). RVRLF is a fund created by the Virginia General Assembly in 2022 with an initial capitalization of \$25 million. A subsequent appropriation of \$100 million was made in 2023.

- *Explain how the entity loan fund will be used to pay the administrative costs for starting and operating the loan fund, as per 42 U.S.C. Section 5135(f)(6)(A).*

Administrative costs of VDEM, DCR, and VRA will be paid from the fund in accordance with a cost allocation plan and separate from other amounts in the fund.

- *State the percentage of funding for this fiscal year that is expected to be used for administrative costs.*

The maximum amount allowed per the NOFO, \$100,000

4.1.1. Address The Financial Status of the Entity Loan Fund

This information is required for the previous and current fiscal years, if available. For new applicants, this information is NOT required. FEMA suggests using the following prompts to make a table:

FOR THE PREVIOUS FISCAL YEAR

Sources	2023 Fiscal Year	2024 Fiscal Year
---------	------------------	------------------



FEMA Capitalization Grant	\$6,122,222.00	\$13,550,257.00
Commonwealth Match	\$612,222.00	\$1,355,027.00 available
Interest Earned	\$0.00	\$0.00
Total:	\$6,734,444.00	\$14,905,284.00
Uses	2023 Fiscal Year	2024 Fiscal Year
Pending Loan Agreements		
Administrative Costs		
Total:		

- *What are the sources of the funds in the entity loan fund? This includes the capitalization grant, entity match, bonds, loan repayments, interest repayments, and investment earnings.*

Financial administration for STRLF funds, federal and state match, will be managed with the Resilient Virginia Revolving Fund (RVRF) (§ 10.1-603.29, Code of Virginia). RVRF was established in fiscal year 2022 and capitalized with an initial state appropriation of \$25 million. \$5 million of the initial state appropriation will be set aside to be used to meet the state 10% cost-share requirement of the Safeguarding Tomorrow RLF Program (STRLF).

- *How are the funds in the entity loan fund used? This covers administrative costs, transfers, capital projects, and bond debt services.*

An additional \$100 million was appropriated in fiscal year 2024. While not anticipated in the early implementation of the RVRF, VRA can issue bonds to leverage the portfolio to increase capacity VRA will track federally funded STRLF projects and state-only funded RVRF projects. As of December 31, 2022, RVRF earned \$334,751 on the initial capitalization.

- *If it applies, describe any loan refinancing activities.*

No loans or grants have been awarded to date.

FOR THE CURRENT FISCAL YEAR

- *Where are the sources of the funds in the entity loan fund? This includes the capitalization grant, entity match, bonds, loan repayments, interest repayments, and investment earnings.*

Financial administration for STRLF funds, federal and state match, will be managed with the Resilient Virginia Revolving Fund (RVERF) (§ 10.1-603.29, Code of Virginia). RVERF was established in fiscal year 2022 and capitalized with an initial state appropriation of \$25 million. \$5 million of the initial state appropriation will be set aside to be used to meet the state 10% cost-share requirement of the Safeguarding Tomorrow RLF Program (STRLF).

- *How are the funds in the entity loan fund used? This covers administrative costs, transfers, capital projects, and bond debt service.*

An additional \$100 million was appropriated in fiscal year 2024. While not anticipated in the early implementation of the RVERF, VRA can issue bonds to leverage the portfolio to increase capacity VRA will track federally funded STRLF projects and state-only funded RVERF projects. As of December 31, 2022, RVERF earned \$334,751 on the initial capitalization

- *If it applies, describe any loan refinancing activities.*

No loans or grants have been awarded to date.

4.2. Financial Terms of Loans

Financial terms of loans have limits set by statute. The requirements are as follows:

- *Interest rates cannot exceed 1% but can be lower.*
- *Annual principal and interest payments from the borrower must start no later than one year after the project is completed. The entity has the option to start payments earlier.*
- *Standard loans must be repaid within 20 years of project completion. Loans to communities identified in 42 U.S.C. § 5135(f)(1)(A) must be repaid within 30 years of project completion. This is the longest period allowed for repayment; entities can choose to have borrowers fully repay the loans earlier.*
- *All loans should be repaid before the project's design life ends.*
- *Borrowers must name a specific revenue source to repay the loan.*
- *Borrowers must have a FEMA-approved hazard mitigation plan.*
- *All payments made by borrowers for both principal and interest must be deposited into the entity loan fund.*

Entities should also describe if they plan to collect fees, how they will be collected, where they will be deposited, and their intended use.

4.2.1. Standard Loans

Use the following prompts and the loan term limits in Section 4.2 to provide information on standard loan terms:

- *How will the fund set terms for standard loans?*

Standard loan terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 20-year or less term after project completion. Such loans will be appropriately secured by a general obligation pledge, certain revenues, or an annual appropriation. Repayments are expected to be scheduled with level debt service. All loans are subject to a credit review and due diligence by VRA using adopted underwriting criteria.

- *What will interest rates be?*

Standard loan terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 20-year or less term after project completion.

- *What is the expected repayment timeline?*

Standard loans must be repaid within twenty (20) years of project completion. Loans to certain geographic areas must be repaid within thirty (30) years of project completion. This is the longest period allowed for repayment; entities can choose to have borrowers fully repay the loans earlier than this timeframe.

- *How will the entity confirm that borrowers have or will establish a dedicated source of revenue?*

Consistent with the RVERF state legislation of a “permanent and perpetual fund”, the state partners will seek quality projects with entities that have the capacity to repay loans. VRA has existing credit underwriting guidelines that will be applied to this program. Like other loan programs, each application is subject to a credit approval prior to execution of a loan financing agreement to minimize loan losses.

4.2.2. Loans Eligible For Additional Flexibility In Payment Periods

Use the following prompts and the loan term limits in Section 4.2 to provide information about loan terms for communities that are eligible for full payment not later than 30 years after project completion per 42 U.S.C. § 5135(f)(1)(A).

- *How will the entity’s revolving loan fund set terms for loans that exceed 20 years for repayment?*

Loans for borrowers that are expected to exceed the 20-year repayment terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 30-year or less term after project completion and not longer than the expected design life of the project. Such loans will be appropriately secured by a general obligation pledge, certain revenues, or an annual appropriation.

- *What will interest rates be?*

Terms will be made at an interest rate of 1.00% with an administrative fee of 0.20% for a 30-year or less term after project completion.

- *What is the expected repayment timeline?*

Loans to certain geographic areas must be repaid within thirty (30) years of project completion. This is the longest period allowed for repayment; entities can choose to have borrowers fully repay the loans earlier than this timeframe.

- *How will the entity check that borrowers have or will identify a dedicated revenue source for repayment?*

Consistent with the RVRF state legislation of a “permanent and perpetual fund”, the state partners will seek quality projects with entities that have the capacity to repay loans. VRA has existing credit underwriting guidelines that will be applied to this program. Like other loan programs, each application is subject to a credit approval prior to execution of a loan financing agreement to minimize loan losses.

4.3. Loan Disbursements

Provide information on the following prompts:

- *What is the likely amount of funds the entity plans to disburse as loans during this fiscal year?*

VDEM in coordination with VRA and DCR is assessing the loan capability of multiple borrowers. VDEM is goal is to disburse 100% of the allotted available funds.

- *What is the utilization goal for the funds?*
 - *The utilization goal measures how well loan funds disburse loans. To find this number, cumulative assets are divided by the cumulative funds that are available for projects. Entities set a target measure that best aligns with their needs. FEMA suggests aiming for a pace level around or above 100%. If entities fall behind or experience a decline, they*

should review loan policies, procedures, and outreach. Most pace levels that exceed 100% suggest advanced loan commitment.

As a utilization goal, RVRF will target 100% allotment of available funds

- *Has the entity worked with local governments to find possible revenue sources to support projects and activities that do not make money, per 42 U.S.C. Section 5135(f)(1)(A)(iii)?*

5. Virginia Program Management

5.1. Technical Assistance

If applicable, provide information to address the following prompts:

- *How will the entity loan fund be used to provide technical assistance to recipients, per 42 U.S.C. Section 5135(f)(6)(B)?*

VRA will provide technical assistance with regard to the actual loan program through the RVRF. VDEM will provide technical assistance when developing the HMA grant applications and will promote the use of STRLF to off-set the non-federal cost share.

- *What percentage of the fiscal year's funding will likely be used for technical assistance?*

Unknown at this time.

5.2. Local Capacity Development

Describe how the loan fund is helping local communities build their capacity.

The STRLF will not be utilized to build capacity, but rather to offset the non-federal cost share of HMA projects, or fund in full, projects in areas that have the financial and administrative capacity to pay back the loan.

5.3. Environmental and Historic Preservation Compliance

Describe how the entity plans to follow Environmental and Historic Preservation compliance procedures. This includes how proposed projects will be pre-screened and which activity types will be submitted to FEMA for review.

VDEM will be reliant on FEMA to screen project applications for EHP compliance, and VDEM will pass along any EHP requirements to VRA to include in the loan financing agreement.

FEMA will give loan recipients guidance and materials to help them complete this section.

5.4. Public Meetings and Comment Activities

Provide information on the following items:

- *How did the entity include public input, consultations with government agencies, and feedback from interested groups before submitting this intended use plan?*

A press release and instructions on how to provide comment on the Intended Use Plan was posted on VDEM's website April 10, 2024 for 10 days. A survey was sent out on March 6, 2024, to find out which localities were interested, and if they had the financial and administrative capacity to repay a loan.

- *How has the entity used information from public meetings and comment activities to help carry out the loan fund?*

VDEM did not engage in public meetings. However, while soliciting for HMGP applications, STRLF was brought up and talked about.

- *Describe the public notice process and actions taken to address public comments for project proposals.*

There were no public comments.

6. Audits and Reporting

6.1. Compliance with Federal Reporting Requirements

Complete the template language below:

To ensure clarity, all program materials are posted on our website <https://www.vaemergency.gov/>. Currently, VDEM is utilizing the services of a CliftonLarsonAllen, LLP to run an independent audit to make sure finances are correct for the one- and two-year audits.

We commit to entering project and benefits data into the FEMA system of record (either Non-Disaster Grants or the FEMA Grants Outcomes [FEMA GO] system). We will enter financial data in the Payment and Reporting System as well. These efforts will support the evaluation of the Virginia Safeguarding Tomorrow RLF program. Among other requirements, FEMA will use the data from the audits and reporting to assess how the loan fund:

- Administers the funds.
- Is effective in reducing hazard risk.
- Attains expected project goals as listed in this IUP.

We will enter project benefits data into FEMA GO by the end of the quarter in which the capitalization grant is received. After the period of performance, we will enter required project benefits data into FEMA GO by the end of the fiscal year for this intended use plan.

Benefits data includes the hazard mitigation benefits narrative. The hazard mitigation benefits narrative shows how a project lowers a community's risk from natural hazards. It also shows how the community builds resilience. The variety of project types funded by the program can make measuring this challenging. The entity should figure out ways to track the mitigation benefits of selected projects.

The benefits narrative is a flexible way to report on the status and success of funded projects. It should clearly state the pre-mitigation conditions and the post-mitigation conditions created by the project. The difference between these will show the mitigation benefit of the project. Pre- and post mitigation conditions should be supported by data where possible. Data could include details on hazard recurrence; population, structures, and infrastructure affected; loss of function of services; and other benefits.

In addition to the template text above, provide information for the following prompt:

- *What information will be collected to support the analysis of pre- and post-mitigation conditions? How will the entity measure project benefits?*

In collaboration with Old Dominion University, VDEM has been completing Loss Avoidance studies on elevated and acquired properties through previous HMA grants. These studies have proven that the return on investment is greater than the project costs. VDEM hopes to continue this collaboration to show the project benefits of projects completed utilizing the STRLF.

6.2. Publication of Information

Describe the frequency and location of the publication of information requirement. Per 42 U.S.C. Section 5135(h)(2), the entity should publish and periodically update all projects that receive funding from the loan fund. This includes project location, type and amount of assistance provided from the loan fund; the expected funding schedule; and the expected date of project completion.

VDEM will publish the intended use plan, and project listing on the agency website – <https://vaemergency.gov>. VDEM will also provide updates to the STRLF website after VRA and DCR provide quarterly reports/updates. VDEM will also link to DCR and VRA websites. Once the year 1 project(s) are complete, the closeout information and final outcomes will be posted via a summary document on the VDEM website and linked to VRA and DCRs website.

The recipient should publish information publicly on a preferred platform and at the times most suitable to the recipient during and after the period of performance.

6.3. Loan Recipient Auditing and Reporting

Describe how the entity loan fund will monitor and evaluate the performance of loan recipients to make sure they follow fund usage guidelines, if it applies.

Loan recipients will submit Quarterly Progress Reports to VDEM and VRA to monitor and evaluate their performance.

7. Additional Resources

This section is for informational purposes. Remove this section before you submit your plan.

- National Risk Index for Natural Hazards (for information on place-based vulnerabilities and current and historical natural hazard exposure): <https://www.fema.gov/flood-maps/products-tools/national-risk-index>
- <https://www.drought.gov/>
- <https://heat.gov/>
- <https://wildfirerisk.org/>

Appendix

Appendix A

A.1. Loan Application Process

VDEM solicits applications for hazard mitigation grant funding opportunities through a multi-step process designed to develop the most competitive proposals for FEMA consideration. This process includes first the solicitation of pre-applications, which are a streamlined method of reviewing a sub-applicant's project scope for assessing grant program applicability. Once this pre-application is approved by VDEM staff, the full application is made available to sub-applicants to complete and submit to VDEM in accordance with established deadlines. VDEM also provides tailored assistance to sub-applicants both before and after full-application submission to ensure that the proposal is complete and optimized for FEMA's complex review criteria. VDEM then facilitates the submission of the application to FEMA on the sub-applicant's behalf and monitors the application status up the point that the grant award is ultimately received.

A.2. Financial Planning Methodology

VRA, together with state agency partners, will implement a capacity planning model. This planning tool provides a relevant framework for decision-making and provides a high-level capacity projection within a given set of assumptions. While not anticipated in the early implementation of the RVRP, VRA can issue bonds to leverage the portfolio to increase capacity. Major inputs, assumptions and outputs are highlighted below.

Appendix

Inputs and Assumptions	Outputs
Actual Application Requests	Capacity Indication
Future Project Loans	
Loan Subsidy and Terms	
Loan Draw Timing	
Level of Additional Subsidy	
Federal Capitalization Grants	
State Match Requirements	Debt Services Coverage Projections
Existing loan Repayments	
Bond Payments	
VRA Borrowing Rates	
VRA Investment Rates	Perpetuity Test Results
Reserve Fund De-allocations	

Sample Cash Flow Modeling

The screenshot displays a detailed financial model for a Rural Loan Fund (RLF) program. It is divided into several functional areas:

- Inputs and Assumptions:** This section on the left contains various input parameters such as 'Project Application Requests', 'Loan Subsidy and Terms', and 'State Match Requirements'.
- Outputs:** This section on the right shows the resulting 'Capacity Indication', 'Debt Services Coverage Projections', and 'Perpetuity Test Results'.
- Cash Flow Modeling:** The central part of the spreadsheet is a complex table with multiple columns representing different financial metrics over time (Fiscal Year 2021 to 2030). Key columns include:
 - Federal Appn Fee:** Shows the fee structure for each year.
 - State Match:** Details the state's contribution to the program.
 - Loan Subsidy:** Tracks the subsidy provided to borrowers.
 - Bond Payments:** Lists the scheduled payments on the program's bonds.
 - Debt Services:** Provides a comprehensive view of the program's debt obligations.
- Summary:** A final section on the right provides high-level metrics, including 'Total New Loans' and 'Total New Bonds'.

Appendix

Appendix B

B.1. Loan Distribution Methodology

The Borrower agrees to apply the loan proceeds solely and exclusively to the payment, or to the reimbursement of the borrower for the payment, of project costs and further agrees to exhibit to DCR receipts, vouchers, statements, bills of sale or other evidence of the actual payment of such project costs. VRA shall disburse money from the Fund to or for the account of the borrower not more frequently than once each calendar month (unless otherwise agreed by the VRA and the borrower) upon receipt by the VRA (with a copy to be furnished to DCR) of the following:

(1) A requisition (upon which the VRA and DCR shall be entitled to rely) signed by an Authorized Representative and containing all information;

(2) If any requisition includes an item for payment for labor or to contractors, builders or materialmen,

(i) a certificate, signed by the Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the project; and

(ii) a certificate, signed by an Authorized Representative, stating either that such materials, supplies or equipment are not subject to any lien or security interest or that such lien or security interest will be released or discharged upon payment of the requisition.

Appendix

Appendix C

C.1. Project Proposal List Prioritization Methodology

Virginia looked at three criteria to prioritize projects.

- Were HMA applicants interested the STRLF (based on survey)
- Did applicants have the financial and administrative capabilities to track and repay a loan
- (based on survey)

Were applicants one of the 41 local governments identified in 2021 by VDEM as having the highest population vulnerability and flood risk

- Including projects that less than \$5.1M up until \$5.1M was reached.