



UPDATES TO FEMA'S INDIVIDUAL ASSISTANCE PROGRAM

On January 22, 2024, the Federal Emergency Management Agency (FEMA) published a new rule changing the Individual Assistance Program. These changes aim to make the Individual Assistance program more equitable by expanding eligibility for some types of assistance, removing procedural barriers to entry, and simplifying certain processes overall.

SBA Loan Requirement removed: In the past, individuals have been required to apply for a Small Business Administration (SBA) loan before being considered for other FEMA aid. *Under the new rule, this is no longer required.* This means that individuals can still apply for an SBA loan but will no longer be directed to fill out an SBA loan application before being considered for other types of assistance from FEMA.

Evaluating Insurance Proceeds: Under the former regulations, insured applicants who received a net insurance settlement of \$42,500 (the current cap for FEMA IHP assistance) or more were ineligible to receive any assistance from FEMA, regardless of whether the insurance settlement covered the full cost of repairs or if there were losses not covered by insurance. Under the new regulations, *applicants may now receive up to \$42,500 in assistance for unmet needs, regardless of their net insurance settlement.*

EXAMPLE: X sustains \$75,000 in damages and receives an insurance settlement of \$45,000. This means that X has an unmet need of \$30,000. Under the former regulations, X would be ineligible for assistance because the insurance settlement exceeded \$42,500. Under the new regulations, X can receive assistance for unmet needs up to the \$45,200 cap, regardless of the insurance settlement amount. This means that X may be eligible for \$30,000 in assistance.

Assistance for Self-Employed Applicants: Under the new rule, FEMA will now provide assistance to self-employed applicants for the replacement of essential tools. Essential tools might include specialized/protective clothing, computers, and other equipment required for self-employment. Self-employed applicants will be required to provide a written statement with an itemized list of essential tools required for self-employment and verify their need for replacement. Tax return documentation must be used to establish self-employment (such as Form 1040, 1040-SR, Schedule C, etc.).

Habitability Criteria Expansion: The terms safe, sanitary, and functional have been amended to expand eligibility for home repair assistance. It now may include threats not caused by the disaster.

- "Safe" has been revised to mean secure from hazards or threats to occupants. FEMA has removed "disaster-related" from the definition.
- "Sanitary" has been revised to mean free of health hazards. Like above, FEMA has removed "disaster-related" from the definition.
- "Functional" has been revised to "functioning." The definition itself remains the same: an item or home capable of being used for its intended purpose.

Under the old rule, if someone's residence had existing health hazards prior to a major disaster, then the applicant would not be eligible for assistance to repair those hazards. This is no longer the case. *The removal of the term "disaster-related" from the definitions of safe and sanitary will now permit FEMA to help repair hazards that predated the disaster.*

EXAMPLE: If a person's house had a leak in the roof prior to a disaster, the leak in the roof is eligible for repair if the house was damaged in some way by the disaster and repair of the roof is necessary to make the home safe and sanitary.

Installation of Accessibility-Related Items: FEMA funding may now be used to install accessibility-related items, such as exterior ramps and grab bars, even if the home did not have those items installed before the disaster. To qualify, the applicant must be an individual with a disability that existed before the disaster and whose primary residence was damaged by the disaster or an individual with a disability that was caused by the disaster and whose primary residence was damaged by the disaster.

TAKEAWAY: FEMA disaster assistance will now pay for wheelchair ramps and similar items at the primary residence if the individual has a qualifying disability and the home was damaged by the storm.

Displacement of Assistance: Displacement Assistance is a new program that offers funding to help people find short-term living arrangements after a major disaster. This money is meant to help people who cannot afford to pay out-of-pocket for new housing after their homes were damaged by a disaster. To get this assistance, a person must be unable to live in their home. This type of assistance is only meant to give people money to pay for short-term living arrangements while they make repairs to their homes or look for longer-term living arrangements. This money could also be used to cover costs associated with staying with family and friends until a rental option can be secured.

Continued Temporary Housing Assistance: FEMA is reducing the documentation requirements for Continued Temporary Housing Assistance (CTHA) by splitting the recertification process into several timeframes. This allows people to gradually submit documentation throughout the recovery process. For example, applicants will only be required to identify their plans for permanent housing within the first two payments of CTHA. Following the third and fourth payments of CTHA, applicants will be asked to submit documentation showing their progress toward achieving permanent housing.

Documentation showing household income and household costs will not be required for subsequent requests for CTHA if the household's income or housing costs have remained the same.

Serious Needs Assistance: FEMA has established a new program that replaced the Critical Needs Assistance program on March 22, 2024. Unlike Critical Needs Assistance, Serious Needs Assistance is available across a wider span of disasters. This new program is designed to provide more immediate financial assistance for applicants with serious needs or expenses after a disaster. Serious needs might include food, water, fuel, infant formula, and other immediate expenses. Serious Needs Assistance may also address needs relating to sheltering and evacuation. To qualify for this program, applicants must be displaced from their homes because of the disaster or must report a need to shelter elsewhere if they are currently sheltering in their homes. Applicants must also express that they have serious needs when registering for assistance and request financial assistance to help meet those needs. Households that qualify will receive a payment of \$750 to help cover those needs.

Changes to Appeal Process: To streamline the appeal process, FEMA will no longer require applicants to submit a signed appeal letter explaining the reason(s) for the appeal when justification has already been provided through supporting documents. Additionally, FEMA has created an optional Appeal Request Form that applicants can use to assist with their appeal. FEMA will accept this form as sufficient written explanation.

The optional Appeal Request Form can be accessed at www.DisasterAssistance.gov.

Requesting Approval for Late Registration: To simplify the late application process, FEMA will no longer require late registrants to provide documentation that justifies their late application. Going forward, late registrants will only be asked to explain the cause of the delay.

Re-Opening of Applicant Registration Period: When the registration period for a major disaster has closed, FEMA may now reopen the registration period for an additional 60 days when the President's major disaster declaration has been amended to include new counties. The extended registration period will apply only to the newly included counties.



RESOURCES

Find your disaster declaration at FEMA's disaster declaration website: <https://www.fema.gov/disaster/declarations>
Find Texas' disaster response information at The State of Texas' Governor's Office of Homeland Security and Emergency Preparedness: <https://tdem.texas.gov/disasters>

Authors: D. Meyers, N. Pace, M. Daigle, D. Seibert and C. Franze
Adapted for Texas by Nicolas Perez
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