

# FINANCING NATURE-BASED FLOOD MITIGATION PROJECTS IN THE HILL COUNTRY WITH FIF

The Hill Country is no stranger to flooding. In 2015, the Memorial Day flood brought devastating rains to the region. As flood events grow stronger and more frequent, it is more important than ever to take advantage of opportunities to protect our citizens and natural heritage from these events.

Senate Bill 7, established by the Texas Legislature in 2019, created the Flood Infrastructure Fund (FIF). The FIF is an important step towards building a more resilient Texas. Last fall, **Texas voters approved a constitutional amendment to allocate \$793 million to the FIF for structural and nonstructural flood mitigation projects**, to be administered by the Texas Water Development Board (TWDB).

### WHO IS ELIGIBLE FOR FIF FINANCING?

Political entities eligible for FIF dollars:

- Counties
- Municipalities
- River authorities, drainage districts, flood control districts and other districts or authorities created under Section 52, Article III of the Texas Constitution
- Conservation districts, reclamation districts and other districts or authorities created under Section 59, Article XVI of the Texas Constitution
- Political subdivision of the state, any interstate compact commission to which the state is a party, and any nonprofit water supply corporation created under Chapter 67 for Category 1 projects only

### TYPE AND AMOUNT OF FINANCING AVAILABLE UNDER FIF

Both grants and loans are available under the Flood Infrastructure Fund. All eligible applicants can receive **loans** with an interest rate of 0% for ALL project categories. **Grant** funding is also available for eligible political entities, however, eligibility is dependent on the following factors:

- Project category;
- Annual Median Household Income (AMHI);
- Population;
- Population decline;
- Unemployment rate; and
- Green or nature-based project costs.

Scene from the 2015 Hill Country Floods



**EXAMPLE OF AN AWARD WINNING NATURE-BASED FLOOD MITIGATION PROJECT, EXPLORATION GREEN, LOCATED IN CLEAR LAKE, TEXAS**

## PROJECTS THAT CAN BE FUNDED WITH FIF FINANCING

There are 4 different project categories eligible for financing under FIF.

**Category 1:** Flood Protection Planning

**Category 2:** Planning, Acquisition, Design, Construction and Rehabilitation (ex. feasibility analysis, hydraulic and hydrological studies, demolition activities, land acquisition, permeable pavement, etc.)

**Category 3:** Federal Award Matching Funds

**Category 4:** Measures Immediately Effective in Protecting Life and Property (ex. warning systems, crossing barriers, gages, and public education and outreach)

Notably, Project Categories 1, 2, and 4 may provide great opportunities for local governments in the Hill Country to invest in flood infrastructure.

## WHY SHOULD LOCAL GOVERNMENTS APPLY FOR FINANCING FOR NONSTRUCTURAL PROJECTS?

We believe that nonstructural solutions should be prioritized under the new flood legislation for the following reasons:

1. Nonstructural projects are **effective** at mitigating flooding.
2. Nonstructural solutions are **economical**.
3. Nonstructural projects provide communities and wildlife with **year-round benefits** compared to traditional structural projects (ex. lowered wastewater treatment costs, groundwater recharge, and wildlife habitat).

## FIUP INCENTIVES FOR NONSTRUCTURAL PROJECTS

The TWDB recognizes that nonstructural projects play an important role in protecting communities from flooding. There are a few incentives laid out in the FIUP for such projects, including the following:

- **5% grants** for certain project categories if green or nonstructural elements comprise at least 30% of project costs\*
- **5 project priority points** projects with at least 20% nonstructural costs
- **10 project priority points** if the completion date is estimated to be within 18 months, or **5 project priority points** for completion dates within 36 months
- **10 project priority points** if the project contributes to groundwater recharge

\*Opportunity only available if project located outside an MSA or meets one of the income, unemployment rate, population decline, or rural applicant qualifiers under the FIUP

## EXAMPLES OF NONSTRUCTURAL PROJECTS UNDER FIF:

The following items are examples of nonstructural or nature-based projects that may be funded under FIF:

- Acquisition of floodplain land for use as public open space;
- Permeable Pavement;
- Restoration of riparian corridors, coastal areas, wetlands, etc.
- Acquisition and removal of buildings located in a floodplain and relocation of residents; and
- Flood warning systems, educational campaigns, and land use planning policies.

## WHEN AND HOW TO APPLY FOR 2020 FIF FINANCING

**March 16th:** TWDB starts accepting abridged applications for FIF financing

**Late March to early April:** TWDB hosts financial assistance workshops in a few locations around the state. Get in touch with the TWDB to request a workshop in your Jurisdiction!

**June 15th:** Abridged application period closes

**June:** TWDB plans to consider approval of prioritized projects and invites full applications

**Early August:** TWDB expects full applications due (30 days after TWDB invites applicants to submit full applications)

**October:** TWDB plans to commit to financial assistance for selected projects

**Fall:** Borrower Closings begin

## ADDITIONAL FIF RESOURCES

- [Flood Intended Use Plan for SFY 2020](#)
- [TWDB Website to Find More Information and a Copy of the Abridged Application](#)

## HILL COUNTRY RESOURCES

- [Watershed Stewardship for the Edwards Aquifer Region: A Low Impact Development Manual](#)
- [Implementing Low Impact Development: A Process for BMPs Site Selection](#)
- [Low Impact Development Manual](#)

# FIF FINANCING ELIGIBILITIES

Project Category	Financing Category Calculation	Amount Financing Available*
<b>Category 1</b> Flood Protection Planning for Watersheds ("flood control planning" before a flood event)	AMHI of study area <= 50% of state-wide AMHI and the project area was the subject of a flood-related federal disaster declaration within the past 5 years	100% grant;
	AMHI of study area <= 75% of state-wide AMHI <sup>1</sup>	90% grant;
	AMHI of study area > 75% and <=125% of state-wide AMHI <sup>1</sup>	75% grant; or
	AMHI of study area >125% of state-wide AMHI <sup>1</sup>	50% grant
<b>Category 2</b> Planning, Acquisition, Design (PAD), Construction, Rehabilitation (all combinations of these activities)	Project is entirely located outside of an MSA	10% grant
	AMHI of study area <=85% of state-wide AMHI	10% grant
	AMHI of study area <=75% of state-wide AMHI	25% grant
	AMHI of study area <=65% of state-wide AMHI	30% grant
	AMHI of study area <=50% of state-wide AMHI	40% grant
	If the unemployment rate exceeds the state-wide rate, then calculate as the unemployment rate / state-wide unemployment rate X 2.5%, then round up to nearest integer	Up to 5% grant dependent on unemployment rate
	If the population has declined, then calculate as Prior population less Current population / Prior Population as a percentage, then round up to nearest integer	Up to 5% grant dependent on population decline
	Is the applicant a rural applicant?	If yes, 5% grant
	Are 30% of total project costs considered green or nature-based?	If yes, 5% grant <sup>2</sup>
<b>Sum of all qualifying grant percentages within Category 2 represents the overall grant allocation</b>	<b>_____ % grant</b>	
<b>Category 3</b> Federal Award Matching Funds	Project is entirely located outside of an MSA	10% grant
	AMHI of study area <=85% of state-wide AMHI	40% grant
	AMHI of study area <=75% of state-wide AMHI	55% grant
	AMHI of study area <=65% of state-wide AMHI	60% grant
	AMHI of study area <=50% of state-wide AMHI	70% grant
	<b>Category 4</b> Measures Immediately Effective in Protecting Life and Property (up to 90% MAX)	If the unemployment rate exceeds the state-wide rate, then calculate as the unemployment rate / state-wide unemployment rate X 2.5%, then round up to nearest integer
If the population has declined, then calculate as Prior population less Current population / Prior Population as a percentage, then round up to nearest integer		Up to 5% grant dependent on population decline
Is the applicant a rural applicant?		If yes, 5% grant
Are 30% of total project costs considered green or nature-based?		If yes, up to 5% grant <sup>2</sup>
<b>Sum of all qualifying grant percentages within Category 3 or Category 4 represents the overall grant allocation</b>		<b>_____ % total grant available for Category 3 and Category 4 Projects</b>
And		

<sup>1</sup> Loans with interest rate of 0% available for all project categories.

<sup>2</sup> Remainder required by local match.

<sup>3</sup> Only available if project is located outside an MSA or meets one of the income, unemployment rate, population decline, or rural applicant qualifiers.

## Contact Information:

For questions regarding FIF, please contact the Texas Water Development Board at [flood@twdb.texas.gov](mailto:flood@twdb.texas.gov)  
For questions regarding nonstructural projects and green infrastructure, please contact:

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