# PUBLICATION

## FEMA Act of 2025 – Part II: Spotlight on Proposed FEMA Mitigation Reforms

**Authors: Ernest B. Abbott, Danielle M. Aymond**
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**Executive Summary**
**As we discussed in Part I of this series on the proposed Fixing Emergency Management for Americans Act of 2025 (H.R. 4669) (FEMA Act), the House of Representatives Transportation and Infrastructure Committee has introduced the most sweeping rewrite of the Robert T. Stafford Disaster Relief and Emergency Assistance Act since 1988. Part I examined the bill's Public Assistance Program overhaul. This week, we are spotlighting the reforms in the mitigation section, which are designed to reduce long-term disaster costs, accelerate resilient construction, and embed risk-informed decision-making across all levels of government and the private sector.**

**This alert summarizes the key mitigation reforms of the bill and provides analysis of how these reforms could impact disaster response and recovery sector.**

### In-Depth Explanation of Title III – Mitigation Reforms

Title III of the FEMA Act of 2025 introduces a comprehensive suite of mitigation reforms that would modernize and strengthen the nation's approach to disaster risk reduction. Some of the major standouts include:

#### Preapproved Project Mitigation Plans

- The Stafford Act's mitigation programs have always required that mitigation projects be consistent with state recipient and subrecipient mitigation plans. However, it has been very difficult to incorporate mitigation projects into a community's disaster recovery, because projects must be approved by FEMA prior to beginning of construction – and the approval process itself can take many months or even years. Section 301 of the proposed FEMA Act establishes a process for preapproval of state mitigation project plans. A new 30-member expert panel will conduct this review, and projects that receive approval become eligible for expedited funding and an enhanced federal cost share of up to 85 percent. Notably, jurisdictions that fail to submit mitigation plans within three years will forfeit eligibility for the 85 percent federal cost share proposed by new Section 409. The objective is to encourage early, data-driven portfolio planning and the creation of a curated catalogue of shovel-ready projects that can be rapidly funded following a disaster declaration.

#### Pre-Disaster Funding: BRIC

- Another significant reform is the conversion of the Building Resilient Infrastructure and Communities (BRIC) program (Stafford Act Section 203) from a competitive grant to a formula-based allocation. The new formula distributes funds as follows: 40 percent baseline to all states; 20 percent based on risk; 20 percent based on population and median income; and 20 percent targeted to distressed and rural areas, with a set-aside for tribal governments. States are required to pass at least 50 percent of their formula funds to local governments. This approach provides predictable annual funding streams, which will enhance the ability of recipients to plan for bonding, procurement, and staffing, while also favoring high-risk, low-capacity communities and shifting the competitive landscape.

## Additional UPDATE on BRIC related to ongoing litigation:

In July, over twenty (20) States brought a lawsuit regarding the termination of the BRIC program. While the matter remains pending, on August 5th, a federal judge barred the Administration from spending any of the BRIC disaster mitigation funds tied to the program. A copy of the injunction can be found here.

**Building Codes**

- Title III also updates the definition of "applicable building code" for Stafford Act Section 203 pre-disaster mitigation projects and for mitigation projects funded with revolving funds under Stafford Act §205. Under the new definition, covered projects must comply with either of the two most recent model code editions. This change will bring the applicable "mitigation" code more in line with Public Assistance Program projects, which must be "in conformity with the latest published editions" of model resilient building codes. In addition, it launches a Residential Resilience Pilot Program, allocating up to ten percent of annual Section 203 funds to subsidize homeowner retrofits such as elevations, safe rooms, wildfire hardening, and seismic upgrades. This reform ties the federal cost share to the adoption and enforcement of modern codes and opens new opportunities for contractors and lenders specializing in household mitigation.

**Combining Mitigation Dollars**

- The Act further strengthens hazard risk reduction by allowing recipients to combine Stafford Act Section 203, Section 404, and other federal mitigation dollars for large-scale, innovative projects. It replaces the traditional reimbursement model with up-front advances for homeowner retrofits, eliminating the need for applicants to finance costs before receiving federal support.

**Utilities and Critical Infrastructure**

- Title III clarifies that electric utilities are eligible to incorporate mitigation measures within emergency restoration projects and preserves their eligibility for subsequent Section 406 hazard-mitigation assistance. This encourages grid hardening and rapid power restoration without jeopardizing access to additional mitigation funding. However, it is not clear whether this amendment protects utilities from incorporating mitigation projects *which have not been preapproved* into their rebuilding projects. There is a general requirement, frequently justified by federal environmental review requirements, that no construction on mitigation projects can commence before project approval.

**Hazard Mitigation Revolving Loan Fund**

- The Act also amends the Hazard Mitigation Revolving Loan Fund by doubling the allowable administrative cost set-aside from two percent to four percent and expanding the definition of eligible "administering agencies" to include entities that are responsible for hazard mitigation or resilience, not just those responsible for "emergency management." These changes enhance program viability for states with limited emergency-management staffing and invite sophisticated quasi-public finance entities into the mitigation lending space.

**Streamlining**

- To streamline access to funding, FEMA is directed to publish a consolidated grant application for Sections 203, 205, 404, Flood Mitigation Assistance, and preapproved plan funds within 180 days. The objective is a consolidated process that will reduce application redundancy and accelerate the timeline for obligating funds. Much will depend on the simplicity of the resulting consolidated application form.

**Transparency**

- Finally, Title III mandates an annual, publicly available evaluation of the benefits of FEMA-funded mitigation, including avoided losses, insurance impacts, and return on investment. This requirement will provide empirical evidence to support higher appropriations and greater private-sector participation, while also enabling benchmarking of state performance in disaster risk reduction.

## Policy, Operational, and Funding Implications

1. **Policy Alignment** – States must harmonize hazard-mitigation and building-code statutes with federal standards or risk diminished cost shares. Legislatures may need to enact enabling language for revolving loans, infrastructure bank participation, and code enforcement.

2. **Operational Readiness** – Emergency-management agencies should establish multidisciplinary teams (planning, engineering, finance, and procurement) to develop preapproved plans, manage formula allocations, be ready to rapidly assess damage and restoration costs, and fast-track environmental reviews.

3. **Funding Strategy** – The formula, combined-funding authority, and up-front homeowner advances change traditional cash-flow assumptions. Budget officers should recalibrate match-fund reserves, bond issuances, and revolving-fund capitalization schedules.

4. **Data and Analytics** – Section 308's return-on-investment study elevates the importance of robust loss-avoidance data collection at the project level. Agencies and contractors should incorporate evaluation metrics into project scopes from inception.

## Conclusion

Title III of the FEMA Act of 2025 signals a decisive emphasis on disaster prevention. By coupling predictable, risk-weighted funding with enhanced cost shares, streamlined applications, and modern code requirements, Congress seeks to bend the cost curve of disasters and accelerate the nation's resilience trajectory. Stakeholders that invest early in project pipeline development, data analytics, and compliant infrastructure will be positioned to capture new funding, reduce future losses, and meet rising public-sector and market expectations for resilient communities.

For further analysis or assistance in preparing your organization for these changes, please contact Ernest B. Abbott, Danielle M. Aymond, or any member of our Disaster Recovery & Government Services team.