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American Concrete Pipe Association

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Portland Cement Association

Prestressed/Precast Concrete Institute

Property Casualty Insurers Association of America

Silica Fume Association

Tiltup Concrete Association

## Disaster Savings and Resilient Construction Act – H.R. 2241

### Answers to Frequently Asked Questions

#### What is the Disaster Savings and Resilient Construction Act?

Representative Mario Diaz-Balart (R-21-FL) introduced legislation (H.R. 2241) that will help save money, reduce destruction and prevent the loss of lives in disaster-prone areas. Once a disaster strikes, we are faced with the task of rebuilding our communities so Americans can get back to work. Every time the President declares a federal disaster, taxpayer dollars pour into the region to help rebuild the area. Last year alone, the federal government spent over \$60 billion in unfunded disaster relief. In this challenging economic climate, we cannot afford a complete rebuild every time a disaster strikes.

#### How will it work?

The Disaster Savings and Resilient Construction Act provides a tax credit to home owners or building owners when a structure meets the 2009 or later International Building Code (published by the International Code Council©) and has received the designation from the Insurance Institute for Business and Home Safety of FORTIFIED for Safer Living®/Business. Structures are eligible for a credit if they are built within a federally declared disaster zone up to two years following the occurrence of the disaster. In the case of qualified residential property, home owners can receive up to \$3,000, and in the case of qualified commercial property building owners can receive up to \$25,000.

#### How else will this benefit homeowners?

Homeowners may be eligible for a reduction in insurance costs if their home utilizes resilient construction techniques. When a building is certified to withstand certain degrees of disasters, insurance companies can more accurately assess the risk of insuring a house in a disaster-prone area. According to the *Alabama Press-Register*, an Alabama homeowner who retrofitted their home to meet resilient standards saw their annual insurance premiums reduced from \$3,488 to \$1,800 – a \$1,688 yearly savings to the homeowner.

#### Will it save lives?

Resilient construction has the potential to substantially reduce property damage and loss of life resulting from all forms of natural disasters. Homes that can withstand disasters protect those who stay within the confines of their homes during storms and as more disaster-resilient homes are built, there will be less debris to cause additional damage. In an example from Hurricane Ike, while all other homes in the surrounding area were totally destroyed, 10 of 13 resilient constructed homes in the path of the storm remained standing with minimal damage. The three houses that did not survive actually were destroyed by the impact of debris from traditionally built homes knocked off their foundations by the storm surge.

#### What does resilient building entail?

Resilient building techniques can be as simple as using longer nails or strapping a roof down. There are many simple and easy steps builders can take to ensure a home can withstand a potential disaster. This legislation will ensure that builders and contractors take the time to learn resilient building techniques to properly train employees and subcontractors, and home and builder owners receive the tax credit.



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### Does the tax credit include retrofitting homes to be disaster-resilient?

Preexisting homes in federally declared disaster zones can qualify for the tax credit for retrofitting their homes to be disaster resilient within three years following the disaster declaration.

### How much extra does it cost to build a resilient home?

The additional cost of using resilient construction techniques is on average \$1,500.

### What is the economic impact of pre-disaster mitigation?

A CBO analysis has found that where federal dollars are spent on pre-disaster mitigation programs, "on average, future losses are reduced by about \$3 for every \$1 spent on those projects..."

Type of Project	Estimated Ratio of Loss Reduction to Cost
Floods	4.6
Earthquakes	0.9
Hurricanes/Tornadoes	4.7
Severe Storms	2.7
Mudslides/Landslides	5.6
Fires	5.1
Severe Ice Storms	2.4
<b>Total (Average)</b>	<b>3.2</b>

Source: <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/86xx/doc8653/09-28-disaster.pdf>

### What is the difference between a traditional home and a resilient home?

When a home is certified resilient it means that the home is a quality construction built with specific features to withstand disasters. A FORTIFIED® designation provides an evaluation of the home's overall construction and ability to withstand a disaster, including an evaluation of the methods used in the construction process.

### Do any examples exist of how a resilient home holds up to a traditional home?

In a recent simulated hurricane conducted at the Insurance Institute for Business and Home Safety (IBHS) test facility, the structure built with FORTIFIED® resilient construction techniques was able to withstand the simulated disaster, and the traditionally built structure was destroyed in 52 seconds. To view the video, visit <http://vimeo.com/17764719>

### Can we afford a tax credit?

When a federal disaster is declared, taxpayers' dollars are used to help rebuild communities and cities around the country. Last year, the federal government spent over \$60 billion in unfunded disaster relief. In this economic climate, our communities cannot afford to completely rebuild every time a disaster strikes.

### What will it cost?

\$2 million over 5 years, and \$2 million over \$10 years.

Fiscal Years (Millions of Dollars)						
2013	2014	2015	2016	2017	2013-2017	2013-2022
[1]	[1]	[1]	-1	---	-2	-2

NOTE: Details do not add to totals due to rounding. [1] Loss of less than \$500,000. Source: 2012. Score, Joint Committee on Taxation