

Floodplain Management Program

Guidelines for voluntary house raising schemes

1. Introduction

This guideline has been prepared for councils seeking funding from the NSW Government's Floodplain Management Program for voluntary house raising (VHR) schemes.

This guideline details the objectives, eligibility criteria, funding and implementation procedure for a VHR scheme that has been included in a council's adopted Floodplain Risk Management Plan (FRMP) as part of a set of floodplain risk management measures. It provides general information in relation to the process but does not cover all specific circumstances or provide guidance on assessing the viability of VHR as a management option as part of an FRMP.

Councils should discuss all proposed voluntary housing raising schemes and their potential to attract funding with their Office of Environment and Heritage (OEH) representative.

2. Objectives

VHR is recognised as an effective floodplain risk management measure for both riverine and overland flood conditions. It is generally undertaken to:

- reduce the frequency of exposure to flood damage of the house and its contents – Reducing the frequency of household disruption, associated trauma and anxiety, and clean up after floods may also have social benefits.
- as a compensatory measure where flood mitigation works adversely affect a house which is generally considered part of the mitigation work rather than a separate VHR scheme.

VHR can be an effective strategy for existing properties in low flood hazard areas where mitigation works to reduce flood risk to properties are impractical or uneconomic. It should be part of an overall floodplain risk management strategy for an area rather than a stand-alone option as it does not deal with issues such as risk to life.

3. Consideration of houses for VHR

Assessing the viability of a VHR scheme or an individual house for VHR is part of the broader assessment of floodplain risk management options for a community in an FRMP. The FRMP will be adopted by the council and should have considered:

- the full range of flood events and their associated impacts
- the hydraulic function of the area, as VHR is generally excluded in floodways¹
- the area's flood hazard classification, as VHR is generally limited to low hazard areas
- the effectiveness as an ongoing maintenance requirement of complementary measures to address risk to life, such as those based around supporting self-evacuation in response to directions from the State Emergency Service (SES)

¹ Area of the floodplain where a significant discharge of water occurs during floods

- the identification of individual houses' suitability for raising
- cost-effectiveness of the scheme (benefit–cost ratio) measured across the full range of floods with VHR aiming to generate positive financial returns from reduced damage relative to costs²
- the viability of the scope and scale of the scheme and how the scheme will be prioritised (considering flood hazard exposure)
- the support of the affected community for VHR as determined through consultation with affected owners
- an implementation plan for the scheme.

4. Defining the scope of a new VHR scheme

Although houses may have been identified for VHR within an FRMP, a more detailed assessment may be required to scope, cost and fully prioritise the VHR scheme prior to making an application for funding of the scheme. This assessment will involve consideration of the items identified in Section 3 above.

This scoping study may involve development in consultation with OEH flood staff of a short report which is eligible for funding through the normal application process under the Floodplain Management Program. Completion of a new works project ranking form is recommended as part of the report as this will provide an indication of the potential priority of the VHR scheme. The new works project ranking form can be downloaded from www.environment.nsw.gov.au/coasts/Floodgrants.htm

Inclusion of a house in a VHR scheme as part of an FRMP adopted by the council places no obligation on the owner of the property to raise the house or on the council or NSW Government to fund the raising. Owner participation in the scheme is voluntary and there are limitations on the availability of funding.

5. Eligibility criteria for funding a new VHR scheme

The following criteria need to be met for a house within a VHR scheme to be eligible for funding:

1. Only councils are eligible to apply for funding under the program. It is not open directly to individuals. Requests from home owners to raise houses for hardship reasons are not eligible for funding.
2. Subsidised funding is generally only available for residential properties and not commercial and industrial properties.
3. Funding is only available for properties where the buildings were approved and constructed prior to 1986 when the original Floodplain Development Manual was gazetted by the State Government. Properties built after this date should have been constructed in accordance with the principles in the manual.
4. The individual properties in a scheme should be identified³ in an FRMP developed in accordance with the [Floodplain Development Manual](#) (2005) and adopted by the council.

² The cost of raising a house will depend on the size and complexity of the house to be raised, the location of the house in NSW, the height to be raised and other factors.

³ Individual properties do not need to be identified within the FRMP itself; they can be included within a commercial and confidential appendix.

5. Funding under the program is generally only available for properties identified in a VHR scheme that has been fully defined, scoped and prioritised. The report to scope and prioritise the VHR scheme is eligible for funding.
6. Under limited circumstances, VHR can be considered for funding prior to completion of an FRMP. However scoping, prioritisation and assessments need to be completed and clear and compelling evidence provided as the basis for expediting consideration ahead of a completed FRMP. This would generally include scoping the VHR scheme and addressing the issues outlined in Section 3 above.
7. Properties which are benefiting substantially from other floodplain mitigation measures – such as houses already protected by a levee or those that will be – will not be funded for VHR.
8. VHR should generally return a positive new benefit in damage reduction relative to its cost (benefit–cost ratio⁴ greater than 1). Consideration may be given to lower benefit–cost ratios where there are substantial social and community benefits or VHR is compensatory work for the adverse impacts of other mitigation works.
9. The scheme should involve raising residential properties above a minimum design level, generally the council's flood planning level (FPL) and comply with the council's relevant development control requirements.

6. Eligible/ineligible costs

Costs **eligible for funding** are those that are essential to raise the footprint of the existing habitable floor area including:

- plan and document preparation, including survey costs
- development application costs
- site preparation
- disconnection of services and provision of temporary services (water, electricity, communications, gas and stormwater, including rainwater tanks)
- preparation for and raising of the floor to at least above the required minimum design level
- installation of supporting structure for the elevated floor
- reconnection of services
- the installation of front and back door steps or ramp and associated safety rails/devices
- costs associated with inspection and approval by the council.

Councils are generally offered funding based on the projected total cost over the three-year period of the scheme at a funding ratio of \$2 State to \$1 Council or local contribution. Councils often structure VHR schemes to require the local contribution to be fully paid by the house owner as the beneficiary of the damage reduction under the project. In these cases councils may assist the owner by waiving their inspection and approval fees. Where the council is contributing the local funding component to the project and their specific financial circumstances warrant, a higher funding ratio may be available and should be discussed with OEH staff.

Costs which are **not eligible for funding** are:

⁴ Flood damages relative to the cost of the scheme compared on a net present value basis

- additional features, improvements, renovations and substitutions of services requested by the homeowner as part of a VHR scheme, such as landscaping and concrete floor to the understorey, which must be undertaken at the owner's full expense
- any relocation costs incurred during the work
- remedial works to the house if the house needs to be brought up to a standard to allow it to be raised
- retrospective works (with the exception of valuation fees).

7. Implementation procedure

Applying for funding

If a scoping study is required to be completed prior to application for a VHR scheme, as detailed in Section 4 above, the following steps apply:

- An application is made to undertake a scoping study for the proposed scheme during a funding round. Standard details relating to the provision of grants and a sample funding agreement are available at www.environment.nsw.gov.au/coasts/Floodgrants.htm. The council must also submit the accompanying *New Works Project Ranking Form* also available at this web address. Note this may not be required if the scheme was sufficiently scoped through the FRMP process.
- The scoping study report is finalised in consultation with OEH and the scoping study grant is acquitted.

Once all of the required information detailed in Section 3 above is available through either the completion of a scoping report or the FRMP process, the following steps apply:

- The council submits a funding application for the VHR scheme to OEH during a funding round. Standard details relating to the provision of grants and a sample funding agreement are available at www.environment.nsw.gov.au/coasts/Floodgrants.htm.
- The application should detail the total number of properties with houses to be raised in the scheme and the number of properties that the council desires to raise in the three-year funding round in priority order. The council must also submit the accompanying *New Works Project Ranking Form* available at www.environment.nsw.gov.au/coasts/Floodgrants.htm.
- OEH reviews the funding application and confirms that all required information to make an assessment is available. This may include information on current and proposed floor height, hazard category for selected design event, prioritisation and associated costs. If insufficient evidence has been provided, additional information will be requested from the council.
- Applications are reviewed by the State Flood Mitigation Assessment Committee and recommendations made to the Minister for approval. Consideration of funding for all flood risk management projects is based on statewide prioritisation for a maximum three-year period. Where a VHR project is considered a priority and therefore recommended for funding, this is generally provided through access to the statewide Voluntary Purchase/Voluntary House Raising Pool (VP/VHR Pool) for a three-year period.
- If approved, the council will be notified by OEH that they have been given access to the VP/VHR pool and will be requested to submit an estimate of expenditure for the three-year funding cycle.
- OEH will review the estimates of expenditure from all councils with access to the VP/VHR pool against the funding available. Funding is targeted to the eligible properties with the

highest flood exposure wanting to access the program. OEH will advise the council of the outcome of this assessment and where funds are available will make an offer to the council based on the scale of funding that they can access from the pool. This offer will set out the conditions of access to the VP/VHR pool for the council.

Raising properties

Once funding availability is known, the council will approach eligible landowners according to their priority ranking. Given the voluntary nature of VHR, the owners of these properties may not be interested when initially approached and the owners of properties with lower priority can then be approached. The council may wish to seek non-binding expressions of interest from a number of owners to expedite this process.

Before entering into a binding contract with a recipient for VHR, the council must seek confirmation from OEH that funds are still available from the pool as this may have altered due to the timescales involved.

Where the council receives confirmation from OEH that funds are available, it must submit a work plan for the three-year period of the scheme, in accordance with the template provided on the OEH website at www.environment.nsw.gov.au/coasts/Floodgrants.htm. The work plan includes proposed milestones and associated payments for eligible costs. The council will receive written confirmation if the work plan is approved.

A funding agreement between the council and OEH is then signed, detailing the cost-sharing arrangement between them for the estimated amount covering eligible costs as outlined in the work plan.

When the council enters into an agreement with landowners, the parties should agree on an itemised raising cost of the house, set a time limit for the task, and develop an agreed funding payment schedule.

The landowner enters into a contract directly with the builder. Unless agreed in writing with OEH, the council should require the owner to obtain three competitive quotes from suitable builders to ensure all works are completed for the best value for money. The owner is encouraged to check that the builder is qualified and licensed to carry out this type of work. Copies of the builders and subcontractors licences and insurance documents should be provided to the council for its records.

Before work commences, the property owner must submit a signed liability waiver which indemnifies the council and the State Government from or against all claims, expenses and damages for loss or damage to the house or personal injury (including death) arising out of the house raising work.

Following raising of the property, the council will inspect the house and provide confirmation to OEH that the work has been completed. Payments will be made on the successful completion of milestones (as outlined in the approved work plan) and receipt of the accompanying expenditure certificate and milestone report.

Monitoring and review

The council is required to keep OEH informed of progress in line with the work plan. Where difficulties arise and the council is unable to spend the agreed grant amount under the funding agreement in the required timeframe, the council is required to inform OEH as soon as possible to enable other VP/VHR projects to proceed.

The council should review the scope of a VHR scheme every three years or before submitting a new application for funding under the program. This review should outline progress of the scheme to date, confirm the eligibility and priority of properties remaining under the scheme and be submitted to support the application.

Actions by councils to ensure outcomes

The FRMP or detailed scoping report will contain complementary recommendations, such as flood emergency response planning, necessary to support VHR in an area, particularly in relation to risk to life. The council must ensure that these recommendations are instigated and maintained.

Councils should implement development controls to ensure that the areas beneath the properties do not become habitable over time or through a change of ownership. Councils need to ensure that subsequent owners are made aware of restrictions on development on the areas beneath the habitable floor level of the raised property, with these details included on Section 149 certificates or by placing a restriction on the use of the land under the *Conveyancing Act 1919*.⁵ Any breaches in planning requirements, such as under-storey development, may be identified on a building certificate at the sale of a property.

As part of its maintenance strategy for the VHR scheme, the council should set up an annual review to ensure that:

- no habitable development is occurring below the raised habitable floor levels of any property raised under the scheme
- complementary recommendations (such as emergency response planning) necessary to support VHR in an area are instigated and effective.

Acquittal

The council is required to acquit each VHR grant in line with the relevant funding agreement (and as part of the final report) and provide associated documentation such as surveying certificates or final drawings detailing habitable floor level information relative to minimum requirements.

8. References

Department of Infrastructure, Planning and Natural Resources (2005), [Floodplain Development Manual](#), New South Wales Government, Sydney

[Reducing Vulnerability of Buildings to Flood Damage: Guidance on building in flood-prone areas](#) (2007), report prepared for the Hawkesbury-Nepean Floodplain Management Steering Committee, Parramatta

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⁵ This could be through the creation of a public positive covenant under either Section 88D or 88E of the *Conveyancing Act 1919* which imposes obligations on the new owner of the land burdened (the servient tenement) in favour of a prescribed authority:
http://rgdirections.lpi.nsw.gov.au/deposited_plans/easements_restrictions/positive_covenants/public_positive_covenants