

5.4 INCENTIVES FOR SAFER DEVELOPMENT

Various economic and administrative incentives for safer development have been employed by other communities to induce voluntary compliance with safety objectives and standards. In theory, economic incentives hold out the promise of allowing local jurisdictions to avoid increased regulation. In practice, they tend to be used in combination with regulation in a "carrot-and-stick" approach. The following sections describe standard approaches as well as some innovative techniques that might be useful but require further exploration. Ultimately it all comes down to how strongly Riverside County wants to build a safe community.

5.4.1 Project Impact: Building Disaster Resistant Communities

This nationwide FEMA initiative, Project Impact, operates on this common-sense damage-reduction approach, basing its work and planning on three simple principles: preventive actions must be decided at the local level; private sector participation is vital; and long-term efforts and investments in prevention measures are essential. FEMA partnered with seven pilot communities across the country and was encouraged by the benefits seen and the determined commitment that flourished at the local level. This has been a unique experiment: FEMA has offered expertise and technical assistance from the national and regional level and included other Federal agencies and states in the equation. FEMA has used all the available mechanisms to get the latest technology and mitigation practices into the hands of the local communities. Now, FEMA has nearly 200 Project Impact communities, as well as over 1,100 businesses that have joined on as Project Impact partners.

There is no doubt that Project Impact is a common sense approach for the way communities deal with disasters. The incentive is clear: a disaster resistant community is able to bounce back from a natural disaster with far less loss of property and consequently much less cost for repairs. Moreover, the time lost from productive activity is minimized for both businesses and their employees. Indeed, FEMA estimates that for every dollar spent in damage prevention, two are saved in repairs.

5.4.2 Retrofit Financing Incentives

Some jurisdictions have used Federal Community Development Block Grant (CDBG) funds to create loans for retrofitting URM buildings. Sometimes such loans are available in the form of gap financing, which supplements loans obtained from commercial banks and extends the amortization period. Reduced rates on CDBG loans lower the overall cost of borrowing money and lower payments as well. Most important, the loans have a pay-back period of seven to ten years rather than two or