

National Flood Insurance Program, Mitigation, Mapping and the Community Rating System

*What changes are happening in Rhode
Island?*

*Land and Water Conservation Summit
University of Rhode Island – Kingston Campus
March 8, 2014*



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National Flood Insurance Program Background

- National Flood Insurance Act of 1968
 - Established the NFIP
 - Required mapping of flood-prone areas
 - Made flood insurance available to all residents of communities that meet floodplain management requirements
 - Afforded communities ability to obtain certain types of disaster assistance



The NFIP: How It Works



Flood Insurance Facts

- Standard homeowners insurance doesn't cover flooding.
- Flood Insurance is required if you live in a Special Flood Hazard Area (SFHA) or high-risk area AND have a federally backed mortgage or other commitment (reverse mortgage, line of credit, etc.)
- A lender can require flood insurance, even if a structure is NOT in the SFHA.
- Flood insurance can be purchased through a local insurance agent.



Rhode Island NFIP Facts

- All 39 communities and 1 Tribal Nation participate in the National Flood Insurance Program (NFIP).
- Approximately 16,000 structures in designated floodplains
 - 9,600 have flood insurance → 60%
- Currently 16,021 policies state-wide (both in and out of the floodplain)
(Data as of January 29, 2014)
 - Bristol County: 2,081
 - Kent County : 2,349
 - Newport County: 3,030
 - Providence County: 2,729
 - Washington County: 5,832
- Average RI Premium is \$1,369/annually



Types of flooding

- Riverine
- Flash
- Coastal
- Shallow



Photo: Bob McMillan / FEMA



Flash Flooding



Photo: Amanda Bicknell / FEMA



Coastal Flooding



Shallow Flooding

Shallow flooding occurs in flat areas with inadequate or no defined channels.

- Shallow Flooding Types:
 - Sheet Flow
 - Ponding
 - Urban Drainage
 - Urban drainage systems
 - Areas protected by levees



FLOOD INSURANCE



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Changes are Happening with the NFIP

- Congress passed the Flood Insurance Reform Act of 2012 (Biggert-Waters 2012/BW-12), which was designed to:
 - Make the NFIP more financially stable by raising rates on certain classes of property to reflect true flood risk; and
 - Trigger rate changes for certain properties within a revised or updated map area to accurately reflect the flood risk.
- Intent is to phase back in subsidies for renewal policies:
 - Structures built prior to the first flood insurance map in a community (pre-FIRM)
 - Policies based on the map in effect when structure was built (grandfathering)
- Artificially low rates and discounts no longer are sustainable.



Program Changes Effective Oct. 1, 2013

- **Revised Premium Rates**
 - V Zones (Coastal velocity zones)
 - Post-FIRM: Premium will increase 11%
 - Pre-FIRM: Premiums will increase 17%
 - A Zones
 - Post-FIRM: Premium will increase 6%
 - Pre-FIRM: Premiums will increase 16%
 - X Zones (outside the SFHA)
 - Standard-Rated Policy: Premium will increase 8%
 - Preferred Risk Policies (PRP): Premiums will increase 1%
 - Revised Premium Rates
- **Reserve Fund** – 5% reserve fund assessment is to be included for all policies other than PRP's (Included in the percentages shown above).



Who Will Be Affected by Subsidy Changes?

- **Not everyone** – 43% of NFIP policies in RI receive subsidies.
 - Approximately 2,100 structures
- Owners of subsidized **non-primary residences** in a Special Flood Hazard Area will see 25% increase annually until rates reflect true risk – began January 1, 2013.
- Owners of subsidized **property that has experienced severe repetitive flood losses** or that has incurred flood cumulative damage with flood insurance payments exceeding the value of the structure will see 25% rate increase annually until rates reflect true risk – October 2013.
- Owners of subsidized **business properties in a Special Flood Hazard Area** will see 25% rate increase annually until rates reflect true risk – October 2013.



Direct Move to Full-Risk Rates

- After the purchase of a property
 - Subsidized rates cannot be assigned to the new owner
- After a policy lapse
- When a new policy is issued
- If an offer to mitigate has been refused
- These changes started October 1, 2013



What About When a New Flood Map is Adopted?

- Charging of insurance premiums based on a prior FIRM is known as *grandfathering*
- BW-12 Section 100207 called for a phase-out of grandfathering discounts for properties shown on Flood Insurance Rate Maps that are updated.
- Implementation **was** supposed to become effective in late 2014
- New rates were scheduled to be gradually phased in at 20% per year for five years...but



Omnibus Spending Bill

- Congress recently (Jan. 13, 2014) passed a spending bill which froze spending on Section 207
- Includes a provision that will delay FEMA's ability to use updated flood risk maps to prepare for rate increases that were set to take effect for some properties.
- FEMA is barred from using any funds in its current budget, which runs through the end of September, to lay the necessary groundwork for those changes.
- Unless Congress extends this restriction for the next budget cycle, FEMA will probably be able to go ahead with implementation in 2015.
- The grandfathering provision is now on hold to be phased in.



Homeowner Affordability Act of 2013

- The Senate bill, S. 1926/Homeowner Flood Insurance Affordability Act of 2013 already passed on 1/30/2014
 - Delay of certain BW-12 provisions for four (4) years
 - Direct move to full risk/actuarial rates
 - Removal of subsidies for primary residences
 - Create an affordability study for Congress
- House passed legislation 3/5/2014 (Rep. Bill)
 - Not a four (4) year delay
 - Relief primarily for residential; not commercial or secondary homes
 - Cap premium increases to no greater than 15-18% per year → reflect true risk
 - Remove sales rate trigger
 - Grandfathering will be reinstated
 - Refunds excessive premiums
 - Surcharge placed on all policies \$25/\$250 per year
 - Minimize the # of policies with annual premiums that exceed 1 percent of the total coverage



What You Need to Remember

- Many changes are happening to the Flood Insurance program
 - Congress acted to make program stronger financially, however the changes are uncertain and potential changes are still on the horizon.
- Building or rebuilding higher can lower flood risk and could save money.
- RIEMA/FEMA can help communities lower flood risk and flood insurance premiums through:
 - Various mitigation grants
 - Community Rating System
 - Providing training and technical advice on building and rebuilding to mitigate future flood damage.



MAPPING AND MITIGATION



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Rhode Island Floodplain Mapping Tool

- Tool is provided for reference only
- Designed to provide users with an easily accessible online resource by which to make informed decisions about the flood risk for a specific area or property.
- The floodplains shown on this Tool are delineated on the FEMA historic, preliminary, or effective Flood Insurance Rate Maps.



NFIP Specific Tools

FloodSmart

www.floodsmart.gov

FEMA Map Service Center

www.msc.fema.gov

Floodplain Mapping Tool

www.riema.ri.gov



Next Steps

The RI Floodplain Mapping Tool helps users determine their flood risk but what mitigation options are available?



Mitigation Basics

- Mitigation efforts strive to reduce loss of life and property by lessening the impact of a disaster.
- Supports actions that occur before a disaster to reduce consequences later.
- Encourages actions that are **long-term** cost-effective, and environmentally sound.



HMA Programs

**Pre-Disaster Mitigation
(PDM)**

**Flood Mitigation Assistance
(FMA)**

**Hazard Mitigation Grant
Program (HMGP)**

Hazard Mitigation Assistance Unified Guidance

Hazard Mitigation Grant Program, Pre-Disaster Mitigation Program,
and Flood Mitigation Assistance Program



FEMA

Federal Emergency Management Agency
Department of Homeland Security
500 C Street, S.W.
Washington, DC 20472



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Pre-Disaster Mitigation Program

- Funding is offered on an annual basis (as available).
- Non-disaster mitigation grant.
- Provides funds for hazard mitigation planning and the implementation of mitigation projects prior to a disaster.
- Goal of the program is to reduce overall risk to the population and structures, while also reducing reliance on federal funding from actual disaster declarations.
- Nationally competitive program.



Flood Mitigation Assistance Program

- Funding is offered on an annual basis (as available).
- Non-disaster mitigation grant.
- Provides funds for measures to reduce or eliminate risk of flood damage to buildings insured under the National Flood Insurance Program (NFIP).
- Nationally competitive program.



Hazard Mitigation Grant Program

- Assists in implementing long-term hazard mitigation measures *following* Presidential disaster declarations.
- Funding is available to implement projects in accordance with State, Tribal, and local priorities.
- Available for hazard mitigation plans and projects.
- Funds available Statewide to eligible Sub-Applicants.



Eligible Projects

Eligible Activities	HMGP	PDM	FMA
1. Mitigation Projects	√	√	√
Property Acquisition and Structure Demolition	√	√	√
Property Acquisition and Structure Relocation	√	√	√
Structure Elevation	√	√	√
Mitigation Reconstruction			√
Dry Floodproofing of Historic Residential Structures	√	√	√
Dry Floodproofing of Non-residential Structures	√	√	√
Minor Localized Flood Reduction Projects	√	√	√
Structural Retrofitting of Existing Buildings	√	√	
Non-structural Retrofitting of Existing Buildings and Facilities	√	√	√
Safe Room Construction	√	√	
Wind Retrofit for One- and Two-Family Residences	√	√	
Infrastructure Retrofit	√	√	√
Soil Stabilization	√	√	√
Wildfire Mitigation	√	√	
Post-Disaster Code Enforcement	√		
Generators	√	√	
5 Percent Initiative Projects	√		
Advance Assistance	√		
2. Hazard Mitigation Planning	√	√	√
3. Management Costs	√	√	√



Sub-Applicants

- State or Local Government
 - Municipalities **MUST** apply on behalf of property or business owner. Individual property owners are not to contact State regarding application/ award.
- Tribal Government
- Private Non-Profits (PNPs)

TYPE	PDM	FMA	HMGP
State Agencies	X	X	X
Local Government	X	X	X
Tribal Government	X	X	X
Private Non-Profits (PNPs)			X



HMA Grant Cost Share

Types

- **Cash**
 - local, state, private cash payments, CDBG award
- **In-Kind Match**
 - labor, equipment, materials

GRANT PROGRAM	PERCENT OF FEDERAL/ NON-FEDERAL SHARE
HMGP	75/25
PDM	75/25
FMA – insured properties and planning grants	75/25
FMA – repetitive loss property	90/10
FMA – severe repetitive loss property	100/0



Summary

- Floodplain Mapping Tool developed to guide public and provide information.
- Utilize other tools to learn more about the NFIP.
- FEMA HMA grants are an opportunity to implement mitigation measures and reduce risk.
- Take advantage of State and Federal HMA specific technical assistance opportunities (i.e. bulletins, helpline, trainings, etc.).



COMMUNITY RATING SYSTEM



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What is CRS?

- The Community Rating System (CRS) is a voluntary program administered by FEMA to provide lower insurance premiums under the NFIP
 - Recognizes, encourages and rewards community and state activities that go beyond the minimum required by the NFIP to:
 - Reduce and avoid flood damage to insurable property
 - Strengthen and support the insurance aspects of the NFIP
 - Foster comprehensive floodplain management
 - Reductions based on point values assigned from community implemented activities and mitigation
- More mitigation activities → More points → Better class = Higher discount for your community!



How are Flood Insurance Premium Discounts Calculated?

CREDIT POINTS	CLASS	PREMIUM REDUCTION SFHA*	PREMIUM REDUCTION NON-SFHA**
4,500+	1	45%	10%
4,000 – 4,499	2	40%	10%
3,500 – 3,999	3	35%	10%
3,000 – 3,499	4	30%	10%
2,500 – 2,999	5	25%	10%
2,000 – 2,499	6	20%	10%
1,500 – 1,999	7	15%	5%
1,000 – 1,499	8	10%	5%
500 – 999	9	5%	5%
0 – 499	10	0	0

*Special Flood Hazard Area
 **Preferred Risk Policies are available only in B, C, and X Zones for properties that are shown to have a minimal risk of flood damage. The Preferred Risk Policy does not receive premium rate credits under the CRS because it already has a lower premium than other policies. The CRS credit for AR and A99 Zones are based on non-Special Flood Hazard Areas (non-SFHAs) (B, C, and X Zones). Credits are: classes 1-6, 10% and classes 7-9, 5%. Premium reductions are subject to change.

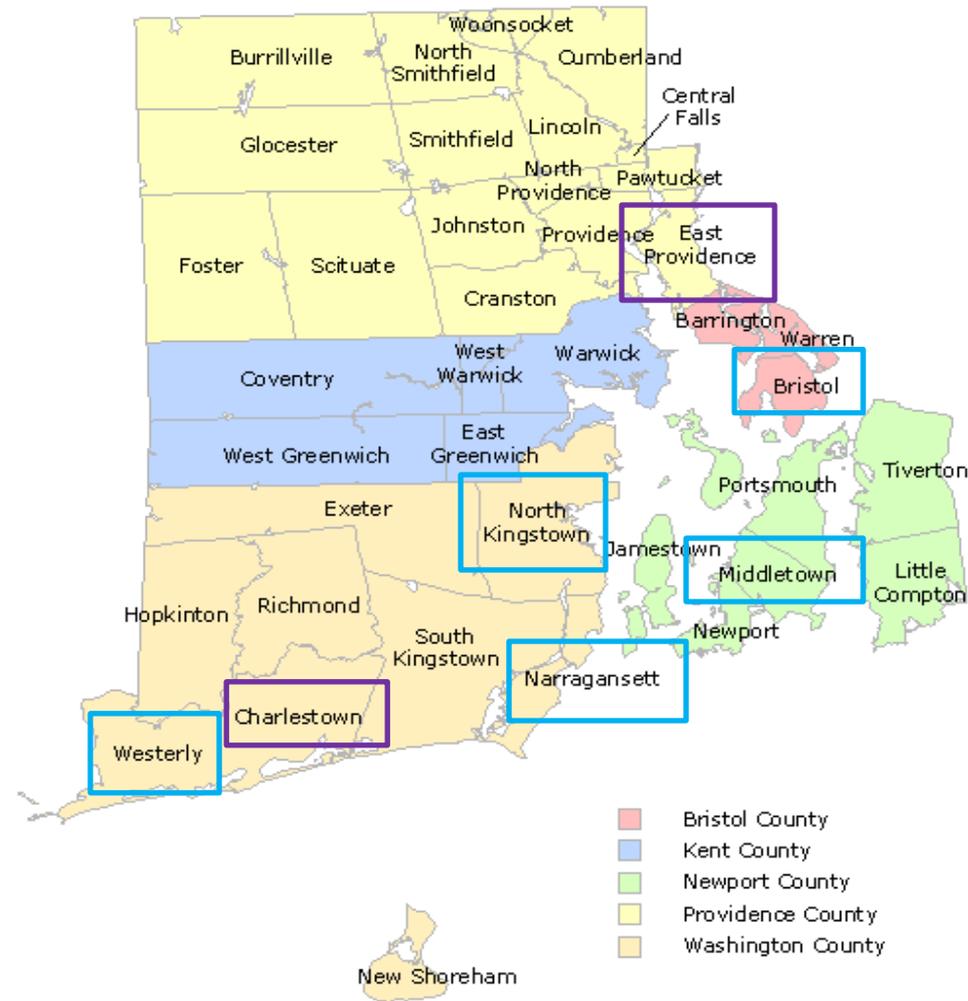


CRS in Rhode Island

Participating communities

- Bristol: Class 8
- Middletown: Class 8
- Narragansett: Class 8
- North Kingstown: Class 9
- Westerly: Class 8

- Charlestown: Class TBD as of May 1, 2014
- East Providence: Class 9 as of May 1, 2014
- Pawtucket: Class TBD as of Oct 1, 2014



Benefits of CRS

- The activities credited provide a direct benefit to the community, including:
 - Enhanced public safety
 - Reduction in damage to property and public infrastructure
 - Avoidance of economic disruption and losses
 - Reduction of human suffering and/or loss of life
 - Protection of the environment
- Money stays in your community instead of being spent on insurance premiums
- Every time residents pay their flood insurance premiums, they are reminded that the community is working to protect them from flood losses even during dry years



How Will Communities Benefit?

- Local flood programs will be better organized and more formal.
- Communities can evaluate the effectiveness of its flood program against a nationally recognized benchmark.
- Technical assistance in designing and implementing some activities available at no charge (That's US!).
- Communities will have an added incentive to maintain its flood program over the years.
- There is mutual support among CRS participants. CRS User Groups across the country have formed to share their experiences, support each other in advancing their floodplain management programs, and encourage other communities to participate in the program.



Local Responsibilities

- Must designate a CRS Coordinator who prepares the application papers and works with FEMA and the Insurance Services Office (ISO) during the verification visit and going forward.
- Each year the community must recertify that it is continuing to implement its activities.
- Must maintain Elevation Certificates (ECs), permit records, and old FIRMs while in CRS.
- Must maintain other records of its activities for five years, or until the next ISO verification visit, whichever comes first.



How to Get Started

- Application Letter of Interest and CRS Quick Check
 - To begin the application process, communities must submit a letter of interest to their FEMA Regional Office and document that they are implementing floodplain management activities that warrant at least 500 CRS points.
- If a community can score at least 500 points on the Quick Check they should proceed with their application process

☆ **It's simpler than you think!**



Community Assistance Visit

- The CAV is a visit to a community by a FEMA staff member or designee to provide technical assistance and ensure enforcement of floodplain management regulations
- Generally consists of:
 - Tour of the floodplain
 - Review of permit files
 - Meeting with local appointed and elected officials

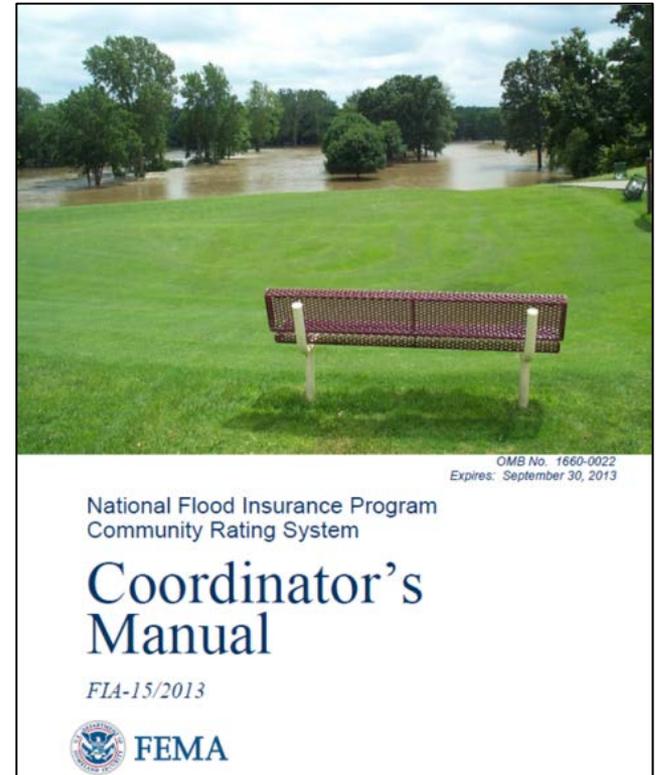


Components of the 2013 CRS Manual

- Four Series of Activities
 - 300 Public Information
 - 400 Mapping and Regulations
 - 500 Flood Damage Reduction
 - 600 Warning and Response

19 Activities

94 Elements



Activity Series 300: Public Information

- What's credited:
 - Local activities that advise people about the flood hazard, flood insurance, and flood protection measures
- Targeted audience:
 - Floodplain residents, property owners, insurance agents, real estate agents, and other members of the community
- Activities:
 - 310 Elevation Certificates
 - 320 Map Information Service
 - 330 Outreach Projects
 - 340 Hazard Disclosure
 - 350 Flood Protection Information
 - 360 Flood Protection Information
 - 370 Flood Insurance Promotion



Activity Series 400: Mapping and Regulations

- What's credited:
 - Enacting and enforcing regulations that exceed the NFIP's minimum standards
- Areas of focus:
 - Delineated Special Flood Hazard Area (SFHA)
 - Community's growth rate
- Activities:
 - 410 Floodplain Mapping
 - 420 Open Space Preservation
 - 430 Higher Regulatory Standards
 - 440 Flood Data Maintenance
 - 450 Stormwater Management



Activity Series 500: Flood Damage Reduction

- What's credited:
 - Activities that reduce flood damage to existing buildings
- Recognized measures include:
 - Acquisitions/Relocations
 - Retrofitting existing buildings
 - Maintaining and improving drainage systems
 - Hazard mitigation planning
- Activities:
 - 500 Repetitive Loss Management
 - 510 Floodplain Management Planning
 - 520 Acquisition and Relocation
 - 530 Flood Protection
 - 540 Drainage System Maintenance



Activity Series 600:

Flood Preparedness/Response

- What's credited:
 - Recognition of the importance of effective flood warning and response in a comprehensive floodplain management program
- Overall goal:
 - It is critical to flood warning and response that public information, regulatory, and flood projection efforts be coordinated with the efforts of emergency management
- Activities:
 - 610 Flood Warning and Response
 - 620 Levees
 - Available to communities with a qualifying levee maintenance program
 - 630 Dams
 - Available to communities affected by a high hazard potential dam



RI CRS Users Group

- WHAT is it?
 - The RI Community Rating System Users Group is an informal entity designed for communities participating, interested, or considering joining the NFIP's CRS.
- WHO is it for?
 - RI State and Local Officials, Building Officials, Planners, Local NFIP Administrators, Emergency Management Directors, Realtors, Attorneys, Surveyors, Insurance Agents, and other professionals involved in floodplain management.
- Objective:
 - To provide a venue to meet, talk, share ideas, arrange presentations, discuss best practices and help coordinate activities that result in credit for participating activities.
- Benefits:
 - Certified Floodplain Managers and Certified Planners have the opportunity to receive CECs for attending sessions



Upcoming Meetings

May 21, 2014 12:45 pm – 3:00 pm

Topic: Higher Regulatory Standards (Webinar)

Additional meetings TBA:

July

September

November



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