

## UNIT 6

### BW12, HFIAA 2014 & FFRMS 2015

- Flood Insurance Program Reform Legislation
  - Biggert Waters National Flood Insurance Reform Act of 2012 (BW12)
  - Homeowners Flood Insurance Affordability Act of 2014 (HFIAA 2014)
  
- Federal Flood Risk Management Standard (FFRMS) – EO 13690

- COVERING TWO MAJOR TOPICS IN THIS SECTION :  
1– FEDERAL LEGSLATION Affecting the NFIP . 2 -  
FEDERAL FLOODPLAIN REVIEW PROCESS FOR  
FEDERALLY FUNDED PROJECES/PROGRAMS.

## National Flood Insurance Reform 2012 and 2014



- July 2012 and implemented by FEMA in phases (2012-20BW12 was passed 14)

## Will BW12 and HFIAA 14 Affect My Community?

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➤ Yes!

➤ Most subsidized NFIP policies/premiums will eventually transition to full risk rates.



- NFIP Reform legislation was passed by Congress in 2012 and amended in 2014. FEMA continues to implement changes as studies are completed and impacts fully evaluated. The latest NFIP change took effect April 1, 2015.
- FEMA Grandfather Rule has been revised to reflect recent Reform Act changes.
- Beware - Properties moved into the SFHA due to remapping will pay higher rates unless policies are purchased prior to map change.

## What NFIP Policies Have Been Affected So Far?

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- NFIP policies on non primary residences



- FIP policies on commercial properties



- NFIP policies on Severe Repetitive Loss Properties (SRL)



# NFIP Policies Have Been Affected So Far

- **Non- Primary Residences**
- **Commercial Properties**
- **Severe Repetitive Loss**

# Properties (SRL)

## Pre-firm Primary Residence Policies In High-risk Areas

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- *For Most Pre-FIRM Primary Residences in High-Risk Areas, Subsidized Rates Remain in Effect,*
- *But, Newly Required Minimum Increases will be charged up to 18 Percent Limit Yearly*
  - \*Until Premiums Reach Their Full-Risk Rates*
- Annual policy surcharge of \$25 per year

- **Recap : Pre FIRM POLICES ARE AFFECTED TOO.**
- **What is a Pre-firm Structure? Structure built/constructed before FEMA mapping or remapping becomes official.**
- **UP TO 18% limit YRLY INTIL FULL-RISK**
- **PLUS \$25**

## Policies for Non-primary residences

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### **(Secondary or Vacation homes & Rental Properties)**

- Annual increases at policy renewal until premiums reach their full-risk rates.
- Annual policy surcharge of \$250 per year



## Policies for business buildings

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- Annual increases at each policy renewal
- Annual policy surcharge of \$250 per year





## Policies for Severe Repetitive Loss properties

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- Annual increases at policy renewal for severely or repetitively flooded properties that include 1 to 4 residences
- Annual policy surcharge of \$25 per year for primary residences and \$250 per year for all other classifications



## HFIAA Surcharges effective April 1, 2015

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<u>➤ Occupancy Type</u>	<u>Annual Surcharge</u>
➤ <b>Primary Residential:</b> single-family and individual condominium units	\$25
➤ <b>Non-Primary Residential:</b> single-family and individual condominium units	\$250
➤ <b>Multifamily Residential:</b> condominium and other buildings	\$250
➤ <b>Non-Residential:</b>	\$250

## April 1, 2015 Changes

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- New rates took effect under the National Flood Insurance Program that increase individual policy premiums for homeowners in high-risk areas by as much as 25 percent
- Plus, policyholders saw new surcharges, \$25 for owner-occupied primary homes and \$250 for second homes.

- **EFFECTIVE DATE APRIL1,2015 WHY NOT APRIL15,2015**

## April 1, 2015 Changes

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- Standard homeowners' insurance policies don't cover flood damage, so consumers must buy special coverage to add that protection.
- The average premium for flood insurance is \$650 a year, according to the NFIP. But rates for some properties in high-risk areas can be much higher.
- 2015 premium increases affected about one million of them out of 5.1million total policyholders.

*Source: New York Times April 2, 2015* quoting spokesman for the Federal Emergency Management Agency, which administers the flood program

- So much for – So Much for who is affected.

## FEMA's Grandfather Rule

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- When FIRM changes occur, the NFIP provides a lower-cost flood insurance rating option known as “grandfathering,” which is available for property owners who:
  - Have flood insurance policies in effect when the new flood maps become effective
  - And then maintain continuous coverage; or
  - Have built in compliance with the FIRM in effect at the time of construction.

- Recommendation: Require elevation above BFE and requiring EC's for new development in Zone X that is within 100' from the SFHA boundary.

## BW12 Examples of Possible Impacts to Communities/Citizens

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- Pre-FIRM – slab on grade single family
- No Elevation Certificate available
  - \$150,000 building coverage
- Annual Pre-FIRM premium before BW12
  - \$1,239
- Annual premium (full risk) = \$4,680
- Premium increase = +\$3,441 (+277%)



### How are policyholders affected? EXAMPLE

- Pre FIRM non-primary residential property transition from subsidized to actuarial (full risk) rates
- READ SLIDE
- Note: This example is not based on current NFIP premium rates

## BW12 Examples of Possible Impacts to Communities/Citizens

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- Pre-FIRM – slab on grade single family
- Elevation Certificate shows lowest floor is -1'
  - \$150,000 building coverage
- Before BW12, Annual Pre-FIRM premium = \$1,239
- After BW12, Annual premium (full risk) = \$
- Premium increase = +\$2,166 (+175%)



*Note: Structures -2' or more below BFE must be submitted to FEMA to rate*

## ANOTHER EXAMPLE

### How are policyholders affected?

- Pre FIRM non-primary residential property transition from subsidized to actuarial (full risk) rates
- READ SLIDE
- Note: This example is not based on current NFIP premium rates

## What Can A Community Do?

- Advise property owners to obtain FEMA Elevation Certificates



- Prepare or update the “all hazards” Mitigation Plan with identified flood mitigation actions that are eligible for FEMA mitigation grants



- **Communities should identify Pre-FIRM properties with lowest floors below the BFE and evaluate:**
  - **DETERMINE THE risk of flooding for each property**
  - **DETERMINE WHICH Properties ARE Eligible for Mtigation grant funding and for what TYPE**
    - **Acquisition and relocation**
    - **Elevation**
    - **Drainage improvements**
    - **Flood protection**
    - **Retrofitting - floodproofing**



## What Can A Community Do?

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- Follow the FITZ-WILSON Rule
  - Non-participating communities should enroll in the NFIP
  - PA Communities should ADOPT HIGHER STANDARDS to provide greater safety
  - NFIP Communities should enroll in CRS

- **Dan Fitzpatrick and Kerry Wilson WERE STATE NFIP COORDINATORS FOR PA 70s ,90s and the last twenty years who promoted adoption of higher standard flood damage prevention ordinances that include freeboard and Mapping future Flood risks based on fully developed watersheds.**
- **SOME NFIP communities in PENNSYLVANIA have adopted and enforce higher standards**
- **In 2020 a total of Pennsylvania communities have enrolled in CRS**

## PA CRS Communities (27)

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### **Altoona, City of**

Bedford Township  
Bloomsburg, Town of  
Brookhaven Borough  
Danville Borough  
Etna Borough  
Hanover township  
Harrisburg, City of  
Herndon Borough  
Jersey Shore Borough  
Kingston Borough  
Lewisburg Borough  
Lewistown Borough  
Lower Makefield Township  
Milton Borough  
Monroe Township  
Newport Borough  
Penn Township

### Selinsgrove Borough

Shaler Township  
Sunbury, City of  
Upper Makefield Township  
Upper St. Clair Township  
Warwick Township  
West Pittston Borough  
Wilkes-Barre, City of  
Yardley Borough

OCTOBER 2020

- **In 2020 , a total of 27 Pennsylvania communities have enrolled in CRS**  
**Source: [www.fema.gov](http://www.fema.gov) – January 2021 CRS list**
- **37 CRS communities ORIGINALLY listed**
- **Looking for communities who are serious about enforcement**

## Community Can Be Proactive!

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Identify high risk properties as candidates for future mitigation grant funding to acquire, elevate or protect:

- Repetitive Loss (RL) and SRL properties
- Properties that are below BFE (-1', -2' or more)

- **Communities can request Rep loss data from FEMA via PEMA.**

## Continue To Be Proactive!

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- Develop a Flood Response and/or Repetitive Loss Plan and be prepared to implement when the next flood occurs



- **DEVELOP PLAN**
- **Flood Response and Flood Mitigation Plans can be incorporated into community all-hazards mitigation plans**
- **Repetitive Loss Plans often contain privacy protected information (property owner name, contact information and flood loss information) that can be utilized for planning only.**

## Adopt Higher Standards

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- Adopt BFE's based on fully developed conditions H&H &
- NAI – Adopt a No Adverse Impact Policy
- Require new construction to be elevated BFE +2' or +3' (including Zone X areas adjacent to SFHA)

- **COMMUNITIES CAN Continue to be proactive by the following EXAMPLES:**

## Example of Savings on NFIP Premiums with Freeboard

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	V Zone <sup>1</sup>		A Zone <sup>2</sup>	
	Annual savings	30-year savings	Annual savings	30-year savings
1' freeboard	\$1,360 (25%)	\$40,800	\$502 (41%)	\$15,060
2' freeboard	\$2,730 (50%)	\$81,900	\$678 (55%)	\$20,340
3' freeboard	\$3,415 (62%)	\$102,450	\$743 (60%)	\$22,290

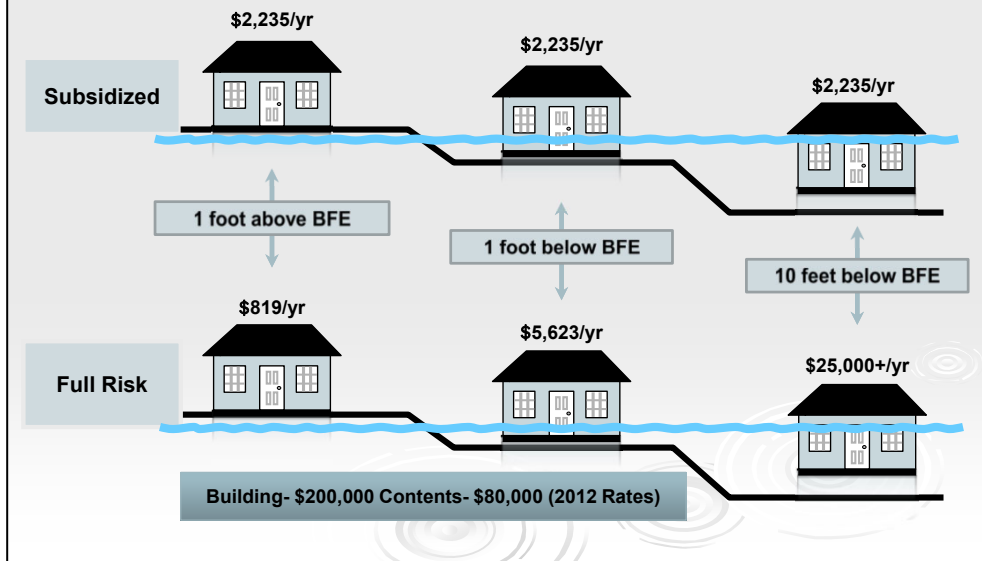
- ***Savings mount /increase with each higher freeboard interval***
- ***NFIP premiums based on May 2007 rates for a one-floor residential structure with no basement***
- ***Built after a FIRM was issued for the community (post-FIRM rates differ from pre-FIRM rates).***
- ***\$500 deductible/ \$250,000 coverage for the building/\$100,000 for contents.***
- **<sup>1</sup>V zones: This Flood Insurance Rate Map (FIRM) designation refers to coastal areas that are subject to the highest levels of wave energy and flooding.**
- **<sup>2</sup>A zones: Also, a FIRM designation, coastal A zones are subject to flooding but with less wave energy than**

**V zones (i.e., wave heights less than 3 feet).**

# NFIP Rating Examples:

The Impact of Loss of Subsidies

Rate comparisons



Here is an Example of the Impact of the Loss of Subsidies:

- \* Homes located in a high-risk flood zone that were built before the first flood insurance rate map became effective,
- \* Have not been substantially damaged or improved, may currently be receiving subsidized rates,
- \* These subsidized rates for “pre-FIRM” homes will be phased out.
- \* Note: This example is not based on current NFIP



## **premium rates**

## ADDITIONAL Higher Standards

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- Require compensated storage to mitigate fill introduced in the SFHA
- Adopt a Zero rise floodway or “consider the entire SFHA as a floodway”
- Require Floodplain/Floodway setback – 50', 100', 200' or Greater.
- Coastal communities adopt LiMWA and/or coastal setbacks

- **Here are four (4) more Higher Standards TO CONSIDER.**
- **LiMWA – Limit of Moderate Wave Action (Zone AE area between +3' wave height and +1.5' wave height)**
- **Adopt LiMWA means require Zone V construction requirements in coastal A Zones.**
- **Coastal setbacks may include requiring Zone V construction requirements 1000' or more from the mean low tide line.**

## Update Your Flood Hazard Maps

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- Become a FEMA Cooperative Technical Partner (CTP)
- Participate with State or Regional Agency's Mapping Activity (CTP)
- Participate in Mapping Activities (CTP) – SRBC, DRBC and others
- Require LOMCs or Physical Map Revisions (PMR) when development occurs



- **Here is another way of being more PRO-ACTIVE IN FINDING WAYS TO COPE WITH BW-12 AND HFIAA-14**
- **Many developers prepare CLOMR's as part of development planning but often do not submit a LOMR-F when construction is completed.**

## NFIP Rating System Update

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### Risk Rate 2.0

- New NFIP Rating system based upon flood frequency and other factors.
- Implementation deadline tentative October 2021.
- Premium Rate info to be released April 1, 2021
- More specifics forthcoming


- **New system based upon frequency differences and other factors.**
- **JAN 2021 Report issued evaluating new approach with few details on implementation**

## Polling Question

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➤ *Most Pre-FIRM Primary Residences in High-Risk Areas that are “Grandfathered” continue to have Subsidized Rates Remain in Effect after BW-12 & HIAA went into full effect in 2015.*

➤ *(True or False)*



## Polling Question #2

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➤ Answer

**False .**

- \* Current premium remains is true;
- \* But,a Newly Required Minimum Increase will also apply until Premiums Reach Full-Risk Rates with an 18% cap;
- \* Plus, Annual policy surcharge of \$25 per year

- **Read slide**
- **Partially true.**

BW12 & HFIAA 2014  
IS HERE! BE PREPARED!

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## Questions??

<http://www.fema.gov/flood-insurance-reform-act-2012>

➤ [www.fema.gov/bw12](http://www.fema.gov/bw12)

➤ [www.riskmap6.com](http://www.riskmap6.com)

➤ [www.floods.org](http://www.floods.org)

- **QUESTIONS ON TODAY'S' MATERIALS SO FAR  
???**

Executive Order 13690  
Federal Flood Risk Management Standard (FFRMS)

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- Requires all future federal investments in affected floodplains to meet the level of a resilience standard.
- Includes federal funds to be used to build new structures and facilities and to rebuild those that have been damaged.
- *Do you remember the September 2011 TS Lee/Irene Flood? Or the August 14-15, 2018 Flood? OTHER FLOOD EVENTS?*

## **EO13690 REQUIREMENTS**

**1. FUTURE INVESTMENTS ADOPT RESILIENCE STD.**

**2. ALSO INCLUDES NEW BUILD AND REBUILDS THAT HAVE BEEN DAMAGED.**

**3. RECENT DISASTERS ARE BEING INUNDATED BY Floods that exceed 100 YR.**



## Federal Flood Risk Management Standard

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- The Standard specifically requires agencies to consider current and future risk when taxpayer dollars are used to build or rebuild in floodplains.
- *Can you name one action “to build or rebuild in floodplains” that does not involve taxpayers dollars?*

- The **Standard** requires agencies look at **Current and Future Flood Risk**.
- Important to recognize that **SFHA Maps & Flood Insurance Studies** only look at **current conditions**.
- **TODAY DEVELOPMENT INVOLVING CONSTRUCTION AND/OR FINANCING ALMOST ALWAYS requires TAXPAYER DOLLARS(\$)**  
**And/or other type of Federal oversight.**

## Federal Flood Risk Management Standard

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- Federal agencies must select one of three approaches for establishing the flood elevation and hazard area when:
  - \* Siting, designing and constructing projects

**READ SLIDE**

## Federal Flood Risk Management Standard

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- 1. Elevating two feet above the 100-year or 1% annual-chance flood elevation (+3' for critical facilities)
- 2. Elevating to the 500-year, or 2% annual-chance flood elevation, or
- 3. Utilizing best-available, actionable data and methods that integrate current and future changes in flooding based on science. (Science based technology)

- **EACH FED AGENCY IS REQUIRED TO SELECT OF ONE (1) OF THREE (3) OPTIONS WHICH INCLUDE THE BELOW:**

## Federal Agencies Impacted by EO 13690

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- **Agriculture**
- **Commerce**
- **Defense**
- **Energy**
- **EPA**
- **GSA**
- **Health & Human Services**
- Homeland Security (DHS)**
- HUD**
- Interior**
- Justice**
- SBA**
- Transportation**

### • **Partial List**

## EO 13690 Approximate Timeline

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- **May 24, 1977 - EO 11988 issued**
  - \* Federal agencies do Eight (8) Step Review Process before financing floodplain projects where no practical alternative.
  - \* 1% Flood/100 Yr Flood Standard
- **January 30, 2015 - EO 13690 issued**
- **June 30, 2015 - Agency Implementation Plans due**
- **July 1, 2016 - Agency regulations implemented**
- **July 1, 2017 – EO 13690 repealed**
- **January 20, 2021 EO 13690 Reissued**

**READ SLIDE TIMELINE FIRST,**

**THEN**

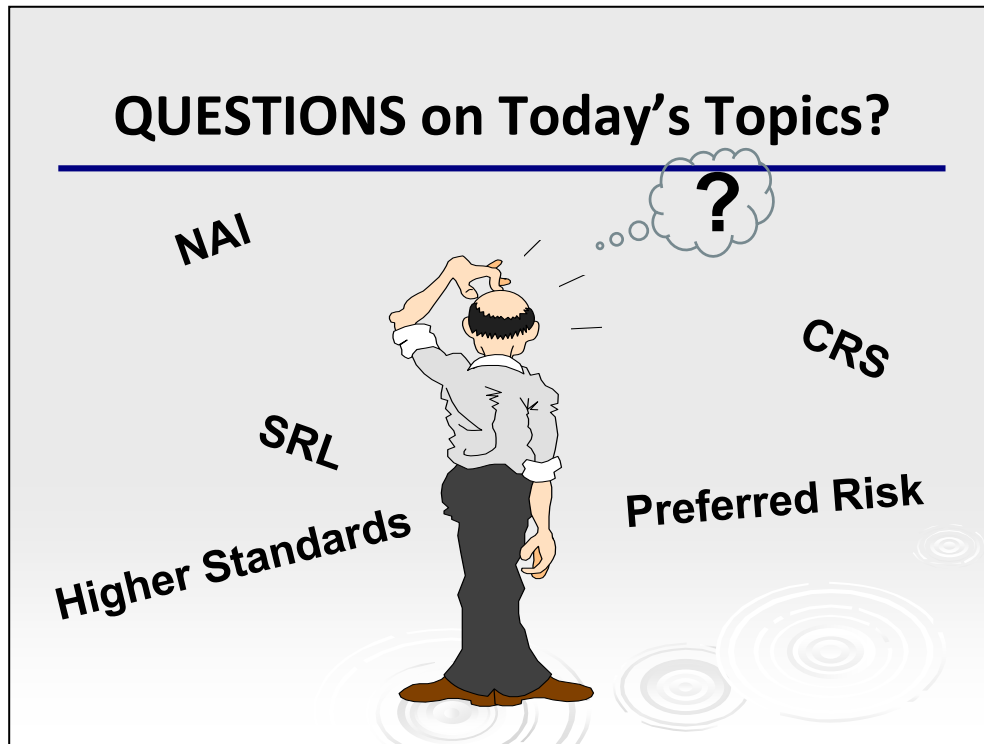
**Again, EO 13690 impacts all new construction:**

- \* **Housing and business financed by FDIC, VA, FHA, Fannie Mae.....**
- \* **Critical facilities such as water and wastewater treatment plants, police and fire facilities, hospitals,**
- \* **Evacuation roadways**
- \* **Flood protection (levees)**



## QUESTIONS on Today's Topics?

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- ANY QUESTIONS ON WHAT WE COVERED ??????

## CFM Prep Resource

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- CFM Exam Study Guide (floods.org)
  - \* [Part 1 – Exam Preparation \(floods.org\)](http://floods.org)
  - \* [Part 2 – Technical References \(floods.org\)](http://floods.org)
  - \* [Part 3 – Supplemental Review Materials \(floods.org\)](http://floods.org)

- Additional CFM Prep Resource listed.
- ASFPM does not offer a CFM Prep TEST Example
- COST FOR HARD COPY
  
- Go online available
- TURN IT BACK TO JOSH FOR WRAP UP REVIEW.



## Course Summary Review

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**UNIT I** Floodplain Management Concepts

**UNIT II** Floodplain Mapping

**UNIT III** NFIP Regulations & Administrative Procedures



- I'd like to take a few moments to address any last minute questions about the course and the CFM Exam.
- Does anyone have any questions about what we just covered?
- If no one has any more questions, we'll conclude class.

**Here are the units we covered again. Let's do a quick summary of what we covered:**

### **UNIT I**

- Natural and Beneficial Functions
- National Flood Insurance Program
- Unified National Program

### **UNIT II**

- Base Flood
- Flood Insurance Studies
- Map Formats and Zones
- Map Changes

### **UNIT III**

- NFIP Regulations
- 44CFR 60.3 Requirements
- Ordinance Administration
- Substantial Damage / Improvement

**NOTE:** Avoid asking "Do you have questions?" This seeks a Yes-No response and may discourage people from admitting they do have questions.

*If the questions are off-topic or relate to a specific community's concerns, you can also write these on the Parking Lot and comment that you can discuss with the questioner outside of class (different color of marker).*

*If a question arises that you can't answer, write this on the Parking Lot (again, different color of marker) and let the questioner know you'll find out and get back to them after the class is over.*

## Course Summary Review

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**UNIT IV** Elevation Certificates

**UNIT V** Flood Insurance & Mitigation

**UNIT VI** BW12, HFIAA 14 & FFRMS Update



### **UNIT IV**

- Elevation Certificates (ECs)

### **UNIT V**

- Mandatory Purchase Requirement
- Flood Insurance Coverage / Limitations
- Rating Buildings
- Increased Cost of Compliance (ICC)
- Community Rating System

### **UNIT VI**

- Disaster Operations
- Recovery to Reduce Risk
- Mitigation Planning
- Mitigation Assistance Programs

### **UNIT VII**

- BW12

*Mention that the answers to the exercises are located in the last tab of their student manuals.*

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