FAQs

What is the National Flood Insurance Program, NFIP?

The National Flood Insurance Program came into existence during the 1970s when private insurance companies started to get out of the business of providing flood insurance. The government stepped in to make sure there would still be coverage available. To that end, they created the Flood Insurance Rate Maps – for the entire country. In some locations, of course, there were already buildings in place. The FIRM was intended to guide future construction and also to provide parameters for figuring out which properties needed to have coverage in the first place.

When introduced, flood insurance rates were established without direct reference to actuarial risk. In addition, in the intervening decades, rates did not rise in accordance with economic changes and the value of the dollar. There was some general sense in which more exposed properties had somewhat higher rates than those with less risk, but the proportion of coverage and rates did not have a mathematical basis.

When the program was introduced, flood plain ordinances were also enacted which governed any new construction in the floodplain and in theory provided incentives and pressure to reduce risk exposure in structures that predated the program either by mitigation or removal or discouraging investment and undue appreciation/investment in floodprone areas. Those ordinances govern how much money can be invested in improving a property and affect what types of construction techniques and materials are required (break-away construction and venting below the flood elevation and moisture resistant materials).

While the ordinances were intended to provide pressure and incentives to property owners to mitigate their pre-existing flood-exposed properties, the actual cost of insurance versus the value of the property and the amount of investment needed for improvements did not make it a compelling financial argument.

What is the FIRM, Flood Insurance Rate Map?

The Flood Insurance Rate Maps, or FIRMs, were adopted in the 1970s as part of the newly inaugurated National Flood Insurance Program. They defined the 1% annual risk of flood, aka but less accurately the 100 year floodplain, which determined which properties would be subject to the NFIP provisions. The maps were originally based on available information and have, over the decades, in light of changes to mapping technology and the actual layout structure of some watersheds, been updated periodically. Those updates have on occasion resulted in properties being removed from the floodplain and on other occasions, properties being added.

Lewisburg’s map was redone most recently in 2009. Other communities in various parts of the country may be redrawing maps right now, even as changes in the rate structure kick in.

Who is required to have flood insurance?

Anyone can purchase flood insurance, provided they can find a vendor willing to take on their property. However, the NFIP requires any property in the 100 year floodplain which was purchased with a federally backed mortgage to purchase coverage.

In addition, some lenders are requiring flood insurance for properties that the NFIP does not require to participate. Simple proximity to the floodplain may be sufficient to require coverage. For those who are not actually in the floodplain, their rates will be much more reasonable.

What if my property has never flooded?

There are two separate answers to that question. 1) your property may have been built recently enough that it never encountered a 100-year flood event, especially since the local rainfall conditions can drastically alter how waters rise in our community. While the 1972 flood elevation is a close approximation of the 100-year event, it is not precise, so even a property which didn’t flood in 72 may belong in the floodplain. 2) it is also possible that there are variations in the topography or shape of the ground’s surface which are too fine-grained to be captured in the broad-brush precision of the FIRM. Property owners can apply for a Letter of Map Amendment or LOMA on a property by property basis. The property owner will have to pay for a formal survey to be completed along with a Certificate of Elevation and this can be submitted to FEMA with an application for review. To date, approximately 40 LOMAs have been filed and approved in the Lewisburg area.

What is a Certificate of Elevation? Is it required and how do I get one?

A Certificate of Elevation is a document prepared by a licensed surveyor for a given property which shows the Base Flood Elevation at that location (BFE), the elevation of the basement or crawlspace floor, the elevation of the finish floor on the first floor, and the elevation at the lowest point at which grade (ground level) meets the house.

It is required for submitting a LOMA and will eventually be required for all participants in the NFIP, though a 2012 law requiring property owners to obtain them was deferred in a 2013 follow up piece of legislation.

To obtain a CoE, contact a local engineering firm which provided civil engineering and surveying services. Cost depends on the layout of the property and the proximity of surveying monuments in the neighborhood, but run around $450. It is possible to get a reduced rate on a per property basis if multiple properties on a street are done at once. This can bring the price down around $275/property. The borough does not recommend any specific service providers, but would refer property owners to the section of the phone book including Mec-Tech, Mid-Penn Engineering,… etc.

If the NFIP has been around for so long, why is it suddenly such a big issue?

Recent legislation, specifically the Biggert-Waters Flood Insurance Reform Act of 2012 and the Homeowner Flood Insurance Affordability Act of 2013, enacted significant changes to the law, completely altering the financial outlook for many property owners. The changes include: ending the practice of grandfathering properties unaffected in earlier versions of the FIRM and imposing a new national structure for rates as a function of elevation in relation to BFE, thereby eliminating an ostensible subsidy no one knew existed for structures which pre-dated the NFIP program.

Historic flood insurance rates tended to range from $400/year to $1200/year. Using the new tables, they can rise to $5,000/year up to $20,000/year or more for some properties.

The rates are uniform across the country and entirely independent of house value. Therefore, low value properties can easily be subject to annual insurance rate payments that equal or exceed the amount paid on the mortgage during the course of the year. The one bright spot is that once the mortgage is paid off in theory the flood insurance would no longer be required.

I don’t live in the flood plain so why should I care?

If the flood rates reach their target levels and properties become effectively twice as expensive to own without improvements that would otherwise make them more valuable, their property values will drop. This may happen on a property by property basis at first, with property owners, in recognition of the loss of saleability petitioning the County Assessor’s Office to reassess their property and bring down their tax obligation. Eventually, after enough properties on a block or in a neighborhood are reassessed and have their assessed value lowered, there would be an adjustment triggered for the whole area. Assuming that costs for the municipality remain level and recognizing that large tracks of the municipality wind up contributing less revenue, there are two alternatives, either the remaining properties will have to increase the amount they contribute or costs/services will have to be reduced.

This can’t affect that many properties and they should know better to be in the floodplain so why not just let this run its course?

For perspective, 40% of the properties in the Borough of Lewisburg are either in or touching the 100 year floodplain. Admittedly not all of them even have flood insurance at this time, as many are owned outright and are not required to have coverage. However, all of them will eventually be affected, if they need to sell. Unless there are cash buyers, in which case, that would also have an impact on the rest of the borough, considering what types of investors are likely to show up ready to pay cash for these properties and what they would in turn think to do with them (rentals and limited maintenance come to mind as is already the case in one area of the borough).

The Borough already has a very high percentage of non-taxable properties. This would further interfere with the Borough’s ability to cover its costs.

I live in the floodplain but I rent so this doesn’t affect me, right?

If your landlords costs for financing effectively double, it is quite likely that he will reduce his investment in the property in other ways (maintenance and improvements), try to recoup his expenses (raising rent), and/or cut his losses and sell or walk away from the property (thereby increasing uncertainty for the tenants).

Furthermore, Renter’s Insurance may no longer be available depending on the elevation of your rental.

What is the Biggert-Waters Flood Insurance Reform Act of 2012 and why was it passed?

The disconnect between the intended progress toward risk mitigation and actual responses to the NFIP incentive program and, in other locales, increasing damages incurred during floods prompted major revisions to the National Flood Insurance Program. On the one hand, people were not divesting from the floodplain or investing in floodproofing at any appreciable rate. On the other hand, several major storm events (Hurricanes Katrina and Irene and storms Lee and Sandy) caused devastation and obligated the program to payouts it could not afford to make.

In an effort to resolve the unsustainable finances of the Federal Emergency Management Agency (FEMA), which was $24 billion in debt after massive payouts in response to storms of historic proportions, federal legislators passed Biggert-Waters in 2012. The Act included targets for insurance rates as a function of the relative elevation of the property and the average flood elevation on site as well as a timeline for implementation which varied depending on when properties were purchased and whether they were owner-occupied, commercial, rentals, or second homes. The Act also indicated an affordability study should be completed before implementation – but it has not yet been done.

FEMA noted at the time that fewer than 20% of houses in the floodplain would be affected (in other words, all the rest should already be in compliance). That may be the case nationally, but in specific communities, especially historic river towns constructed intentionally in close proximity to rivers and pre-dating the NFIP by upwards of a century, the percentages are much higher. 40% of the properties in the Borough are in or touching the 100 year flood plain. Of those almost 600 properties, only a handful (approximately 20) were built after the adoption of the NFIP.

What is the Homeowner Insurance Affordability Act of 2013?

As soon as Biggert-Waters started to go into effect, following the timeline laid out in the law, property owners very quickly began to encounter untenable financial situations. Houses which changed hands after July 2012 (check!) had their flood insurance rates jump at the very next renewal from the historic subsidized level to the new full rate, at times increasing by a factor of 10. Similarly, homeowners who allowed their insurance to lapse, simply through payment late by a day, also had their rates jump to the full level.

In quite a few cases, it was quite clear that the homeowners could not in any way afford the new rates and that the original purchase would never have gone through had they, or the lenders, been aware of the new dynamics about to take effect.

Legislators responded to extensive testimony and written pleas by passing the Homeowner Insurance Affordability Act of 2013, providing some immediate relief to all who had been expected to shift directly to full rates and establishing caps on how much rates could increase by in any given year. However, the target rates remain the same, so while there is now a buffer of upwards of a decade before the full rates are incurred, the final outcome remains the same for these properties. In theory, this provides more time for the properties to come into compliance through mitigation. But in reality, the economics of mitigation remain challenging and now the properties have significant financial liabilities making them less saleable should the current owner need to get out of the situation.

Why should we, as a community, not contribute at a higher level to the NFIP if we indeed are in need of the program?

The blanket format of the legislation has created a mismatch between what the federal assessment of true actuarial risk is and the local assessment. It is clear that Lewisburg, though clearly affected significantly by floods over its long history, has not lost buildings to rushing waters carrying them off their foundations. We suffer more, under the right circumstances, from rising waters, quietly going higher and higher, backing up around us.

There are a few areas which have historically been subjected to rushing floodwaters and they have been the subject of extensive flood mitigation and recently acquisitions and removals by the Borough. Properties on North and South Water Streets and along Bull Run (Limestone Run) have been removed (long ago) and just in the past year, properties in the floodway of the creek along S 6th St were removed. In other words, the Borough has been working actively to reduce flood risk exposure.

But the legislation dictates rates for downtown Lewisburg which are identical to those for structures in coastal communities. Those communities have an entirely different relationship to flood exposure and risk.

It would seem that severing the coastal and inland flood insurance programs would make sense. In addition, the original B-W Act mentioned the possibility of some provision for alternative mitigation strategies for historic properties for which elevation might be unsuitable or impossible. That was dropped, but it should be reinstated.

We do think we should have coverage. We think it should be reflective of the level of risk. We dispute the blanket definition of risk.

What does flood mitigation look like?

Mitigation techniques depend on the elevation of the structure in relation to the BFE.

For structures that are very low/deep in the floodplain, flood mitigation may mean the purchase and removal of a structure. If the structure is in the floodway (the path of rushing floodwaters), once removed, the structure cannot be replaced. In other cases, outside the floodway but within the floodplain, it may then be rebuilt in compliance with the floodplain ordinance (elevated such that the first floor level is at least 18” above the BFE and with breakaway and/or vented enclosure below that level). Alternatively, the entire structure may be jacked up and a new extended foundation built beneath it. This tends to work best for isolated structures and non-masonry buildings.

For structures that are closer to the upper level of the floodplain, mitigation may take other forms. Those within inches of leaving the floodplain may be able to do some landscaping and regrading (possibly including the filling in of basement windows or reconstruction of areaways and basement access points) in order to change their Certificate of Elevation numbers. Those somewhat deeper may be able to mitigate by filling in their basement with gravel, venting the remaining walls to meet code, and elevating any utilities (electrical, heat, hot water) above the BFE either elsewhere in the house or in an accessory structure purpose constructed for the elevation.

How much does mitigation cost?

Repetitive Loss acquisitions are usually done for fair market value. Funds can be obtained from FEMA, but the program is competitive and, owing to these legislative changes, the pool of applicants is expanding dramatically though the funding available has not changed.

Elevation can be completed, depending on the structure’s size and construction type, for between $75,000 and $200,000. That covers elevation costs alone; there are then additional costs to reestablish access to the newly raised property