Borough of Lewisburg

NFIP Revision Implications

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In the time since the Biggert-Waters Flood Insurance Act of 2012 and the Homeowner Flood Insurance Affordability Act of 2014 have been enacted information has gradually moved “down” from the federal laws to industry to property owners and then back “up” to local, state and federal officials.  Localities do not have a direct stake in the consequences of these Acts but are among the entities that will be adversely impacted by the fallout as they go into effect. Sadly, the Affordability Update has done little to alleviate the problems brought on by B-W.

Lewisburg is a historic town situated directly on the Susquehanna River in Union County, PA.  It was founded in 1784.  The entire county has a population under 50,000.  Lewisburg is the county seat and the largest municipality in the county.  Because of the low-lying topography along the river, while the center of the borough is out of the flood plain, growth even starting in the mid 1800s, extended immediately outward into the 500 year and 100 year floodplain.  To compound this exposure, there are also two major creeks which join the river and shape the borough, leaving the center of town as an island of higher ground surrounded by potential inundation. This also means mitigation measures at the community level such as flood walls are infeasible.

The municipality includes a total of 1579 parcels and 1650 addressable structures.  700 parcels (44%) are either completely within or touched by the 100 year flood plain.  576 (35%) addressable structures are either completely within or touching the 100 year flood plain.

Based on these simple statistics, you can well imagine the significant consequences of implementation of the new flood insurance rates, even on the more gradual schedule of the recent Act. Similarly, while grandfathering will help many in the immediate term, any hope of ever selling their property is seriously compromised.  The reality of the new rates, no matter the schedule, will devastate property owners, reduce property values, damage the tax base, and limit overall municipal viability.

We are still gathering data about cost of mitigation across the board (from demolition to elevation to basement infill with utility relocation to relandscaping). Nor is there real information about the market value of the town in aggregate, but it is instructive to compare the assessed values of town property. The total assessed value for all of Lewisburg is $325M. The total assessed value for the 700 properties in or touched by the floodplain is $185M. 57% of the assessed value lies in the “danger zone.” This is only one way of looking at these numbers and it should be remembered that a very high percentage of the borough is tax exempt, so while this could be a gauge of the relative impact of future outlays required to maintain value, it doesn’t reflect impact on tax income. Another way of looking at these figures excludes the tax exempt properties (which are of course neither exempt from flooding, nor, necessarily from the need for flood insurance, though many are owned outright). The total assessed value of taxable properties in the Borough is $187M and the total assessed value of taxable properties in or touching the 100 year floodplain is $74M. That 40% figure is more in line with the total numbers of affected properties.

Another way the information has been packaged is by FEMA. One of the provisions of the B-W Act which was not completed before the act went into effect was the impact assessment. The Affordability Act does require that that be completed by 2015. However, FEMA uses only a subset of the impacted properties in its own calculations. The agency’s numbers only include properties with current policies. Since properties without federally backed mortgages are not required to hold flood insurance policies, this underreports impacts, especially in places with little turnover and long term property ownership. Nevertheless, those properties do, eventually, change hands and, absent cash buyers, will ultimately once again be subject to the implications of the rate changes. FEMA notes there are 338 NFIP policies in the Borough. 246 are in the 100 year flood plain. 63 were thought to be impacted by B-W in the near term. But that understates the magnitude of the problem radically, if 576 addressable structures are actually in that category. But even at 246, that’s 16%.

* Total there are 1,579 individual parcels in Lewisburg Borough
* 700 parcels are either completely within and/or touched by the 100 year floodplain
* 343 parcels are completely within the 100 yr floodplain
* 357 parcels are crossed by the outline of the 100 yr floodplain
* 552 addressable structures are completely within the 100 yr floodplain
* 576 addressable structure are completely within and/or touching the 100 yr floodplain
* Out of the 700 parcels in the 100 yr floodplain, 64 structures were built in 1977 and after (not pre-FIRM)

As to the direct costs to properties in order to achieve mitigation, the assessment even roughly of how many properties lie where in relation to the floodplain is as yet beyond us. But, elevation can cost anywhere from $30K to $150K, basement filling and utility relocation runs approximately $20K, and relandscaping can be merely $1K. Acquisition and demolition will run between $70K and $400K (at market rate, though presumably if the municipality waits long enough, the market value will drop to zero and simple cost of demolition). For purposes of argument (with far more investigation required) for 576 structures, estimating $35K average cost (conservatively), that still comes to $20M. And it could just as easily be three times that.

While it is clear that the insolvency of the National Flood Insurance Program is a serious problem, destroying entire municipalities in an attempt to fix it is counterproductive.  The new laws are in and of themselves a federal emergency and may well leave communities as devastated as the floods they attempt to protect against.  There must be a way to more equitably share in the cost at a level commensurate with actual risk.