

The Future of Floodplain Management in Kentucky



Outline

- Background
- Federal Reauthorization
- Regulation Changes
- Insurance Changes



Disclaimer

- All changes discussed in this presentation are **PROPOSED ONLY**. None of these programmatic changes have been implemented.
 - This presentation is for informational and understanding purposes only!
- Please hold all questions until the end.

National Flood Insurance Program

- Provides federally backed flood insurance in communities that participate in the NFIP
 - Insurance only required with a federally backed mortgage
- Revenue neutral program
 - Government backed
 - WYO companies manage claims
 - Some policies are Submit-To-Rate
- Then something happened to the NFIP



Hurricanes

- Top 5 Costliest Disasters in US history
 - 1) Katrina 2005
 - \$163.8B
 - 2) Harvey 2017
 - \$126.3B (currently)
 - 3) Maria 2017
 - \$90.9B (currently)
 - 4) Sandy 2012
 - \$71.5B
 - 5) Irma 2017
 - \$50.5B (currently)



Repetitive Loss

- Rep Loss and Severe Rep Loss
 - 1% of NFIP policies
 - 25-30% of all claims
 - 1 in 10 RL properties have received payments worth more than the structures value
- Kentucky as of 9/4/18
 - 2,229 Repetitive Loss Properties
 - 2+ claims of \$1,000 in any 10-year period
 - 143 Severe Rep Loss
 - 4+ claims of \$5,000 each, or
 - 2+ claims totaling more than structures value



NFIP Reauthorization & Proposed Congressional Changes



NFIP Overview

- NFIP must be reauthorized by Congress at least every 5 years
 - 38 of previous 41 have been straight extensions
 - Next authorization deadline November 30, 2018
- NFIP currently \$20+ billion in debt
 - Includes a \$16 billion cancellation to Treasury
- Recent disaster cost increases has Congressional members proposing programmatic changes

Proposed Legislation

- Proposed legislation in 2017-18
 - S. 1368 (SAFE NFIP Act)
 - S. 1313
 - H.R. 3285
 - H.R. 2875
 - H.R. 2874
 - Passed House 11/14/17
 - Plus dozens more
- GovTrack.us gives all these proposals ~4% chance of being enacted.



Proposed Programmatic Changes

- Caps premium rate hikes at 10%
- Expand coverage limits from \$500K to \$1.5M
- Increase ICC max payment from \$30K to between \$60-100K
- Encourage private insurance markets
- Monthly premium installation vs. lump sum
- Provide increased funding for mitigation programs and LiDAR collection
- Improved training requirements for Agents, Adjusters, and Local Administrators to improve programmatic understanding
- Reforming the insurance claims process
- Landlord disclosure requirement
- No Ins for property with claims exceeding 3x structure value



Kentucky Statute & Regulation Changes



Red Tape Reduction

- In July 2016, Governor Bevin introduced the Red Tape Reduction Initiative
 - *“The goal is to eliminate those regulations deemed unnecessary or duplicative, simplify those considered too complex, and judge each for intent and effectiveness.”*
- KDOW reviewed state statutes and Kentucky’s floodplain development regulations

KRS 151 Update

- Clarify language based on current program implementation & procedures
- Removes redundancy
- Remove defunct language
- Proposing to allow the cabinet to assess fees for KRS 151-related activities similar to other KRSs in use
- Proposing a requirement for Emergency Action Plans (EAPs) for high and moderate hazard dams

401 KAR 4:060 Update

- State NFIP staff tasked with reviewing state statutes and regulations
- 3 primary goals identified:
 - 1) Remove unnecessary or duplicative regulations
 - 2) Streamlining the state permitting procedure
 - 3) Propose higher regulatory standards

1) Removing Unnecessary & Duplicative Regulations

- Removes dated regulations & procedures
- References to 44 CFR, where applicable

- Example

- Current (700+ words)

401 KAR 4:060, Section 6. Placement of Flood-damageable Property in Floodplain.

(1) In order to minimize or prevent the harmful effects of stream flooding, the cabinet shall not issue permits for the placement or construction of flood-damageable property in the base floodplains of streams, unless the placement or construction conforms to the requirements of the following subsection.

(2) In issuing construction permits.....

- Proposed (83 words)

(6) A permit issued for the development of flood-damageable property in a floodplain shall be as established in 44 C.F.R. 60.3 except:



2) Streamlining the Permitting System

- Currently all development requires a state floodplain permit, a public notice, and local floodplain permit
- Proposal: Three Permit Tiers
 - Unregistered Permit-by-Rule (No contact)
 - Open space activities
 - Below grade swimming pools
 - Installation of utility poles with below grade foundations
 - Athletic or recreational structures that don't impede flow
 - Subfluvial utility crossing (directional drilling)
 - Registered Permit-by-Rule (Limited contact, conditions provided)
 - Low water crossings that don't impede flow
 - Subfluvial utility crossing (trenching)
 - Installation of utility poles with above grade foundations
 - Activities approved in a FEMA buyout area (44 CFR 80.19)
 - Floodplain Permit
 - Similar to existing floodplain application procedure



Streamlining Cont.

- Public notice not required for Permit-by-rules
 - Public notice still required for full floodplain permits
 - Newspaper notice or affidavits
- Public notice documentation will be required as part of the application submittal
- Applicants shall collect, compile, duly consider all public comments & complaints, and must respond in writing to all comments received

Streamlining Cont.

- Permits are valid **ONLY** for 2 years from the date of issuance
 - Applicant may request up to two 1-year extensions of the permit if requested in writing
 - No further extensions will be granted

3) Proposed Higher Standards

- Fill requirements
- Required lowest floor elevations
 - Critical facilities
 - Vulnerable populations
- Junk yard, scrap yard, salvage yard, recycling station, or transfer station
- Residential development in Floodways
- Staking floodways & BFEs pre-development

Effects on Local Communities

- Community input is desired for the proposed regulations
 - Due Process phase
- Local communities will be required to update their local Flood Damage Prevention Ordinances
 - A new ‘State Model Ordinance’ will be provided to assist with this step
- Changes to floodplain management procedures may be required

Rollout Plan

- Annotated 44 CFR is available for use
- State Model Ordinance will be provided to communities
 - Includes template local applications & permits for use
- How-To guide will be developed for state applications
- Trainings
 - KDOW trainings will likely be offered
 - Webinars
 - KAMM Regional Trainings & Conference

Flood Insurance Changes



FEMA's Moonshots

- 5 million additional flood insurance policies
 - NFIP
 - Private Market
- Insured survivors are better able to recover
 - NFIP claim: \$113,000
 - IA Grant: \$4,200
- Flooding can happen anywhere, not just in high-risk areas. Where it can rain, it can flood.

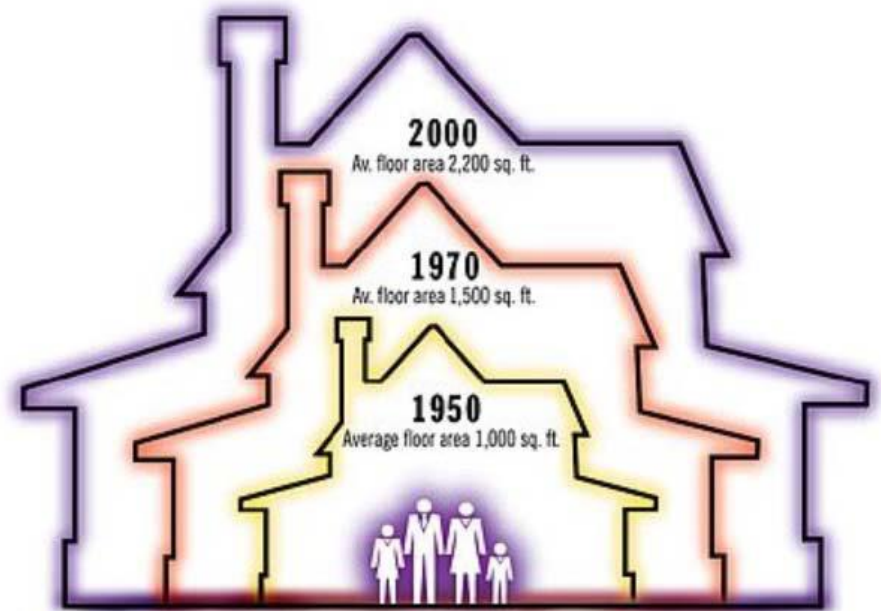


Private Market Insurance

- Private flood insurance accounts for 3.5-4.5%
 - Not currently available in KY
- Pros
 - Can include additional coverages beyond NFIP limits
 - Replacement cost vs. physical losses
- Cons
 - 2 claim maximum; non-renewal after
 - Grandfathered properties lose discount
 - No fee supporting floodplain management, Risk MAP, or mitigation grants

Risk Rating 2.0

- New Rating Methodology
 - Replacement value cost
 - Intuitive rating variables
 - Commercial catastrophe models + NFIP map data
 - Easily collected data
- Not just in-or-out
 - Reflect different types of flood risk, including fluvial, pluvial, and surge



Risk Rating 2.0 Cont.

Example Rate Calculation



FEMA



Example of two homes in AE zones with \$250,000 limit and value for building:

Current Premium:
\$1,169

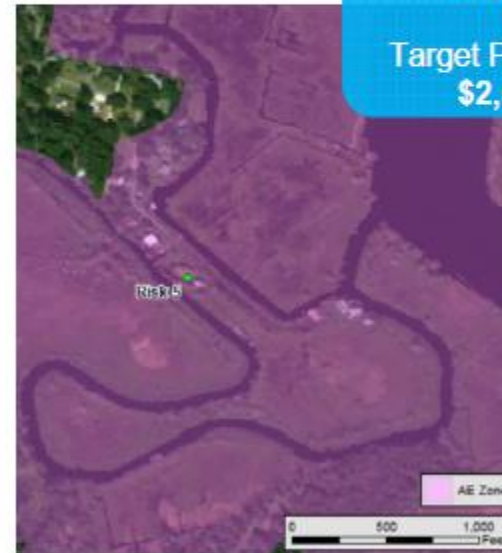
Target Premium:
\$500



Low storm surge and inland flood risk

Current Premium:
\$1,169

Target Premium:
\$2,500



High storm surge and inland flood risk

Risk Rating 2.0 Cont.

User Experience: Notional Prototype Graphic



FEMA



SAMPLE RISK FACTORS



Distance to coast

LOW

You are relatively far from the coast. This results in a decrease to your premium.

[view details](#)



Relative elevation

HIGH

Your home is low lying. This results in an increase to your premium.

High volume rain events could flood your home even though you are not near a flooding source.

[view details](#)



Basement

LOW

Your home does not have a basement. This results in a decrease to your premium.

[view details](#)

YOUR FLOOD INSURANCE PREMIUM FOR JANUARY 2018



Your flood
insurance
premium is
\$-\$\$\$



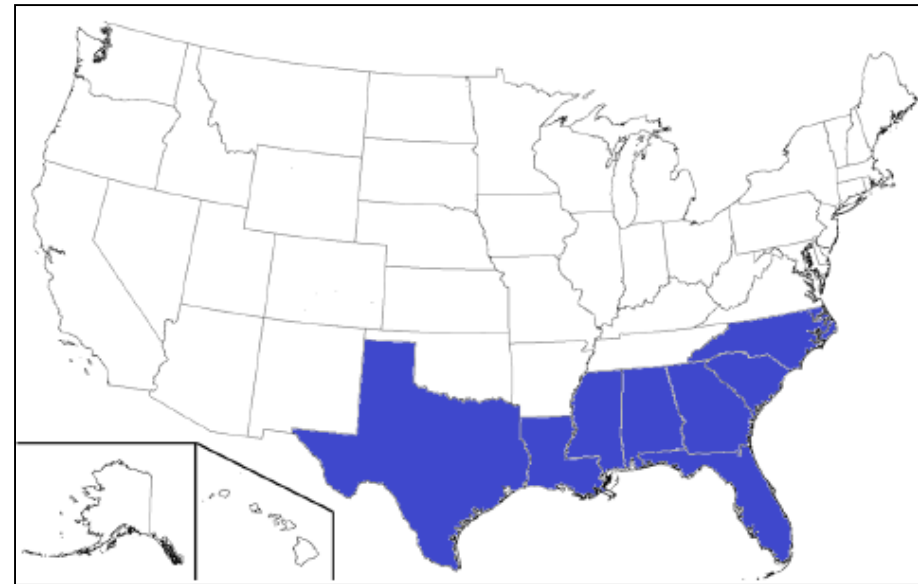
Mitigation actions to reduce risk

[view details](#)



Implementation

- April 2019
 - Announce plan to change rates
 - Phase I will be single family homes in SE US
- April 2020
 - Implement Phase I
- Future phases and segments will likely be announced in 2019



Parting Thoughts

- What does this mean for you?
 - Today
 - Nothing
 - Unless you want to call your congressman
 - Tomorrow
 - Floodplain management program requirement changes
 - Permitting procedural changes
 - Outreach
 - Requirements
 - Insurance
 - Risk communication



Contact Info

- Alex VanPelt, CFM
 - Kentucky NFIP Coordinator

alex.vanpelt@ky.gov

(502) 782-7120 (Direct Line)

Division of Water

300 Sower Blvd., 3rd Floor

Frankfort, KY 40601



Questions

