

FLOODPLAIN BASICS

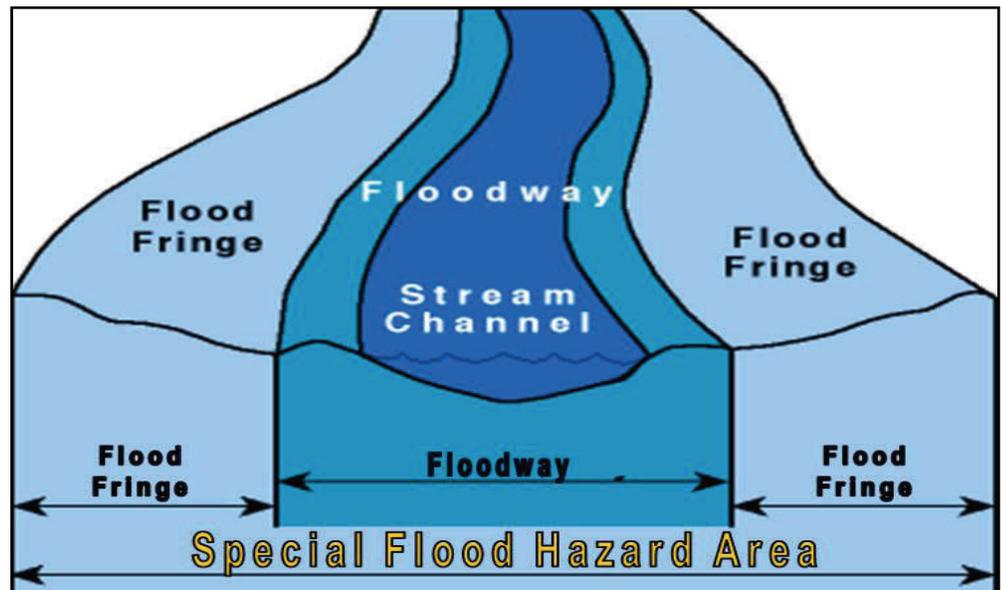


Floods have shaped the natural landscape since the beginning of time and will continue to do so. The most frequent cause of flooding is heavy rains, but flooding can also result from melting snow, ice jams or dam failures. Floods and flash floods can occur at any time of year. Floods only came to be disasters that threatened lives and property when humans settled in flood-prone areas. Today, more than 20,000 U.S. communities contain areas subject to a substantial flood risk, many of which have been recognized as floodplains and mapped under the National Flood Insurance Program.

What is a Floodplain Anyway?

A floodplain is the comparatively low-lying land adjacent to a waterway, and is generally defined according to its frequency of flooding. For example, the “100-year floodplain” is that area subject to inundation in the “100-year flood”, or, more accurately stated, a flood that has a 1%-chance of occurring in any given year. Some Vermont towns have had two 100-year floods in the same decade!

Standard homeowner insurance does NOT cover flood damage.



Courtesy of VTDEC River Management Program

Statistically, a homeowner in the 100-year floodplain has a 26% chance of being flooded during the life of a 30-year mortgage, and many owners are unaware that standard homeowner's insurance does NOT cover damages from a flood. That is why lenders generally require property in the floodplain to carry flood insurance. However, floods rarely follow the precise boundaries on a map, especially flash floods associated with sudden, heavy downpours. Flood damages can and often do occur outside the limits of the regulatory floodplain. Nationally, approximately one-third of all flood damages occur outside the mapped floodplain. In Vermont, two-thirds of flood damages occur outside of federally mapped flood areas.

National Flood Insurance Program (NFIP)

The Federal Emergency Management Agency (FEMA) administers the National Flood Insurance Program, which manages the mapping of the nation's floodplains and makes federally-subsidized flood insurance available in participating communities.

Although the federal government administers the NFIP and assists communities with large-scale mitigation projects, community participation in the program is voluntary and land use decisions are made at the local government level. Within minimum guidelines, these decisions include whether and how to permit development, plan for local infrastructure, and administer permit programs.

Community participation in the National Flood Insurance Program (NFIP) is the best first step to preparing your community for the next flood — before it strikes!

In an identified flood-prone community that chooses not to participate in the NFIP, flood insurance and federal financial assistance are not available under the NFIP to mitigate flood damages. Additionally, if a Presidential disaster declaration occurs in a non-participating community, no federal financial assistance can be provided to assist with flood recovery.

Participating communities can take charge of their floodplains by steering development out of harm's way.

Common Myths & Misconceptions about Flood Insurance

Myth: Only homeowners can purchase flood insurance.

FACT: Most homeowners, condo unit owners, renters, and businesses in NFIP participating communities can purchase flood insurance.

The maximum coverage amounts are:

- ◆ Homeowners and condo unit owners: up to \$250,000 in structural coverage and up to \$100,000 in contents coverage;
- ◆ Renters: up to \$100,000 in contents coverage;
- ◆ Businesses: up to \$500,000 in commercial structural coverage and up to \$500,000 in contents coverage.

Myth: You can't buy flood insurance if you are located in a high flood risk area.

FACT: You can buy National Flood Insurance no matter where you live, as long as your community participates in the NFIP.

Myth: If you live in a low-flood-risk area, you don't need flood insurance.

FACT: All areas are susceptible to flooding, although to varying degrees. If you live in a low-to-moderate flood risk area, it is advisable to have flood insurance. Residential and commercial property owners located in low-to-moderate risk areas should ask their agents if they are eligible for the Preferred Risk Policy, which provides very inexpensive flood insurance protection.

Myth: You can't buy flood insurance if your property has been flooded before.

FACT: You are still eligible to purchase a flood insurance policy after your home, condo, apartment, or business has been flooded, provided that your community is participating in the NFIP.

Myth: Homeowners insurance policies cover flooding.

FACT: Unfortunately, many home and business owners do not find out until it is too late that their homeowners and business insurance policies do not cover flooding.

Myth: Federal disaster assistance will pay for flood damage.

FACT: Before a community is eligible for disaster assistance, it must be declared a federal disaster area. Federal disaster assistance declarations are issued in less than 50 percent of flooding events. Furthermore, if you are uninsured and receive federal disaster assistance after a flood, you must purchase flood insurance to remain eligible for future disaster relief.

Myth: National Flood Insurance can only be purchased through the NFIP directly.

FACT: NFIP flood insurance is sold through private insurance companies and agents, and is backed by the Federal government.

Myth: The NFIP does not offer basement coverage.

FACT: While basement improvements such as finished walls and floors, and personal belongings in a basement are not covered by flood insurance, structural elements and essential equipment within a basement are.

Information provided above is excerpted from www.floodsmart.gov. More information on flood insurance is available at www.floodsmart.gov, or by calling toll-free 1-888-275-6347 or TTY 1-800-427-5593 for the speech and hearing impaired.



Understanding Flood Insurance Requirements

When folks purchase a new house with a mortgage, banks will verify if a home is near or in the flood hazard area. In order to protect their mortgage from a loss, banks will require the homeowner to purchase federal flood insurance if the home is near or in the hazard area. Banks hire a private flood determination firm to determine the location of the home in relation of the flood hazard area.

This determination is based on federal flood data which may not accurately portray flood risk in Vermont's varied terrain. Many home buyers are told by their lenders that they need to purchase flood insurance because they are in the flood hazard area, when they may only be adjacent to this area.

If a homebuyer's bank has determined that a property requires flood insurance, they must complete a Letter of Map Change (LOMC) to opt out of flood insurance or qualify for a lower rate. For more information about how to get a LOMC, go to:

<http://www.fema.gov/hazard/map/locmc.shtm>

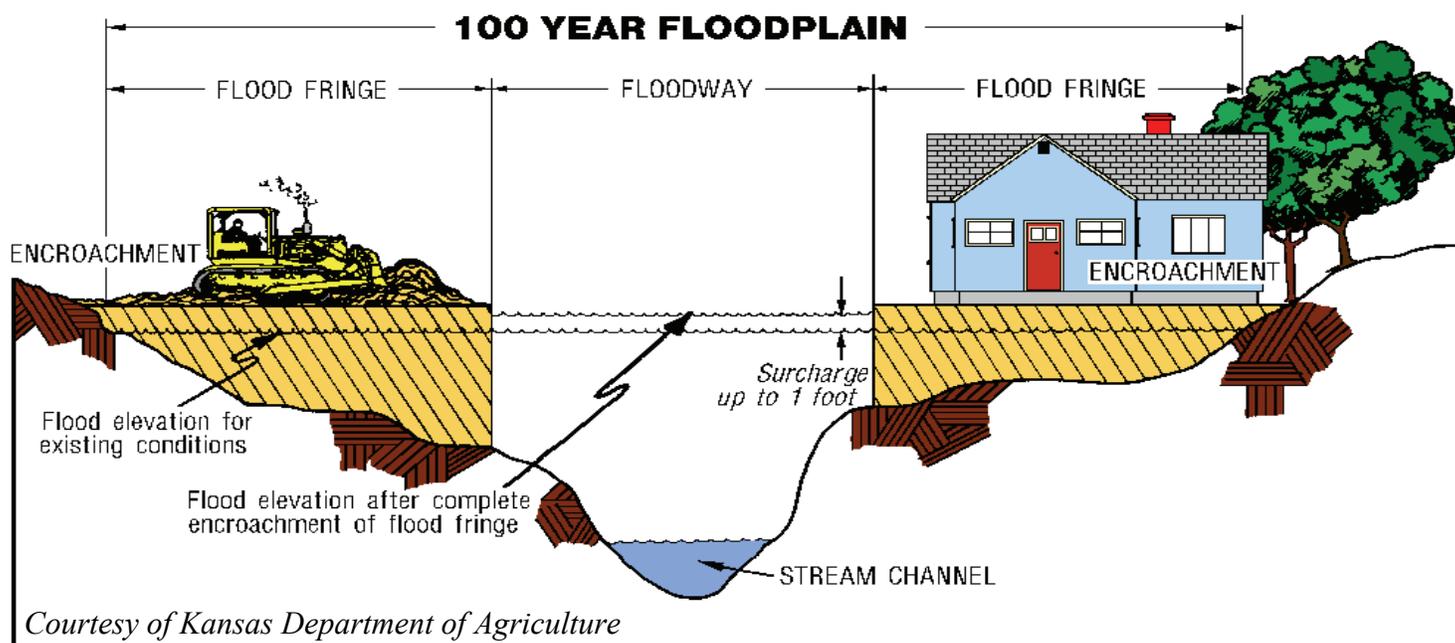
A LOMC states that their structure is above the base flood elevation listed on the flood maps and is certified by an engineer or surveyor. These can cost about \$500 to \$1000 and are available from your local surveyor or engineer. First American Flood Data Services (the largest flood determination firm) offers completed LOMC application for \$500 or \$925 if the property has significant fill.

http://www.floodinfo.com/map_change/cost.php

Know Your Local Flood Risk!

As a local official, you may have to deal with the consequences of past decisions. Even if your town is small and little growth is heading your way, existing homes and businesses may have been placed at risk. Local regulations may be outdated and not truly protective of property. Poor enforcement of existing flood hazard regulations may be increasing properties at risk.

It is important that communities review FEMA's flood maps as well as any history of flooding in town to fully comprehend the risks they face. Communities should also review their own regulations and their administration to ensure they are protecting their citizens. Many communities allow filling in of floodplains, as shown in the diagram, without understanding the increased threat of flooding this can cause. Planning for flood protection should also include mitigation plans to lessen the exposure to flood damages, and emergency plans to deal with evacuation and warning in higher risk communities.



Additional fact sheets include:

- #2 Protecting Property Rights to Reduce Local Liability
- #3 Living with Inadequate Maps
- #4 Using Freeboard and Setbacks to Reduce Flood Damage
- #5 No Adverse Impact Floodplain Management
- #6 Protecting Lives & Property Through the NFIP Community Rating System.

For more information, contact:

- VTDEC River Management Program**
www.vtwaterquality.org/rivers/htm/rv_floodhazard.htm
- Vermont Law School's Land Use Institute**
<http://www.vermontlaw.edu/elc/landuse/>
- Two Rivers-Ottawaquechee Regional Commission**
www.trorc.org

Produced by the Two Rivers-Ottawaquechee Regional Commission in cooperation with Vermont Law School's Land Use Institute, and the Vermont Department of Environmental Conservation, with Samantha Riley Medlock, CFM V.L.S. '08, as principal author. This paper is a general discussion of legal issues but is not legal advice, which can only be provided by an attorney licensed to practice in Vermont.