

THE RISK IS REAL

# Mitigation Works



Rhonda Montgomery

September 2, 2010



FEMA

# Discussion topics

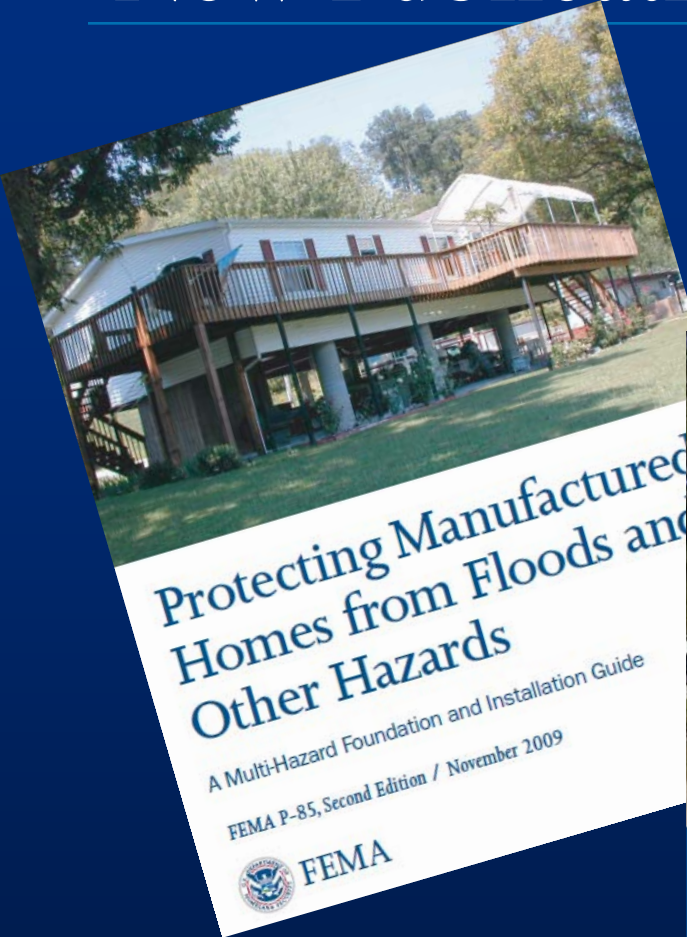
---

- New FEMA Publications
- NFIP Reform
- Federal Interagency Floodplain Management Task Force



FEMA

# New Publications



**Protecting Manufactured Homes from Floods and Other Hazards**

A Multi-Hazard Foundation and Installation Guide  
FEMA P-85, Second Edition / November 2009



**National Flood Insurance Program (NFIP)**

**Floodplain Management Bulletin  
Historic Structures**

FEMA P-467-2

May 2008



**Substantial Improvement/  
Substantial Damage  
Desk Reference**

FEMA P-758 / May 2010



**FEMA**

---

# •NFIP Reform

Section 1

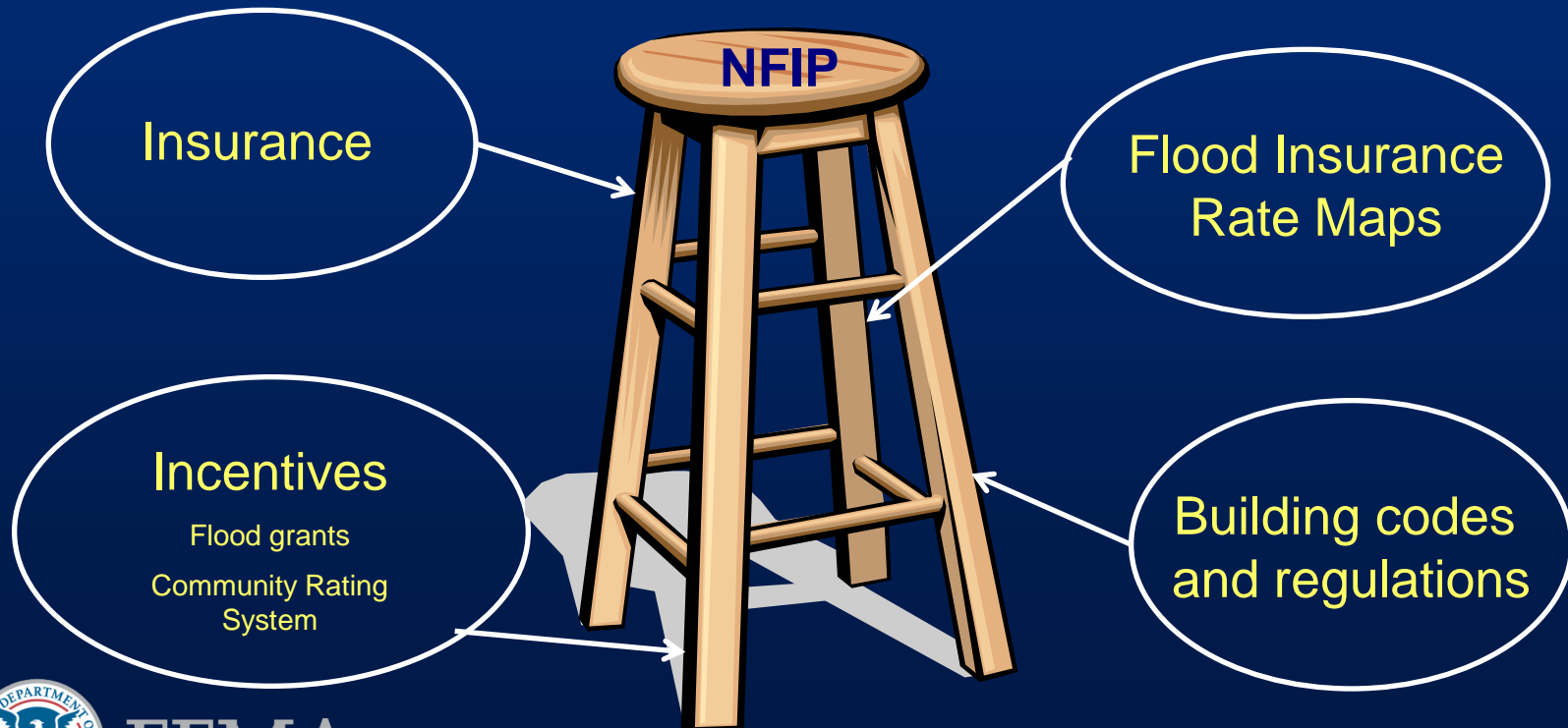
## THE NFIP TODAY



FEMA

# Today's Paradigm

The NFIP is a voluntary Federal program enabling property owners in participating communities to purchase insurance against flood losses in exchange for adopting and enforcing regulations that reduce future flood damages. A participating community's floodplain management regulations, must meet or exceed the NFIP minimum requirements.



FEMA

# Then (1966)...*vision of how it should work*

---

*“Flood insurance is viewed as both a means of helping the individual bear more easily the risks of flood damage..., and equally, as a means of discouraging unwise occupancy of flood prone areas”*

*“...moreover, some continuing Federal subsidy will also be necessary to a comparably small number of present occupants of high risk areas. Otherwise the cost of their insurance will be more than they can bear...”*

*“The insurance program should be designed to encourage construction in locations where there is no special flood hazard”*

*From Report to the President on recommendation for establishing NFIP -  
Secretary of the Department of HUD August 1966*



**FEMA**

# And now...*how it actually played out...*

---

- Federal policy has not prevented development in high risk areas - e.g. since 1980 coastal county population growth rate (28%) is consistent with the nations rate of increase, but density is much greater (17% percent of the land area holds 53% of the total population).
- Over 80,000 insured repetitive loss properties (and growing) and over 8,000 severe repetitive loss properties (and growing).
- About 25% of the 5.5 million policies are rated at less than actuarial rates.
- Half of all flood damage occurs outside Special Flood Hazard Area (SFHA).
- 1% of insured properties represent 30% of all claims.
- Lender compliance mandatory purchase is about 75%.
- Market penetration is only about 1% outside SFHA.

Source: GAO Reports / NOAA



**FEMA**

# And Now (con't)...

---

- Flood policies in Force: 5,627,337
- Insurance in Force: \$1,218,776,526,200
  - Written Premium: \$3,198,025,198
  - Average Premium: \$568
  - Average Coverage: \$216,581
- Outstanding Treasury borrowing (debt) is \$18.7 billion
- Flood insurance is available in over 20,000 participating communities nationwide.
- There are 1,114 communities participating in the Community Rating System (CRS), accounting for 66% of policies in force.

Source: NFIP data (as of 01/31/10)



FEMA

---

Section 2

# THE CALL FOR REFORM



FEMA

# We're building on what we heard...

---

- Call for Issues (1998 - 2000)
- American Institute for Research (2001 – 2006)
- GAO reports (multiple)
- NFIP Listening Session (2009)



FEMA

# NFIP REFORM

GAO findings

Stakeholders

“The Clips”  
vocal  
push back

Agreement/Conflict

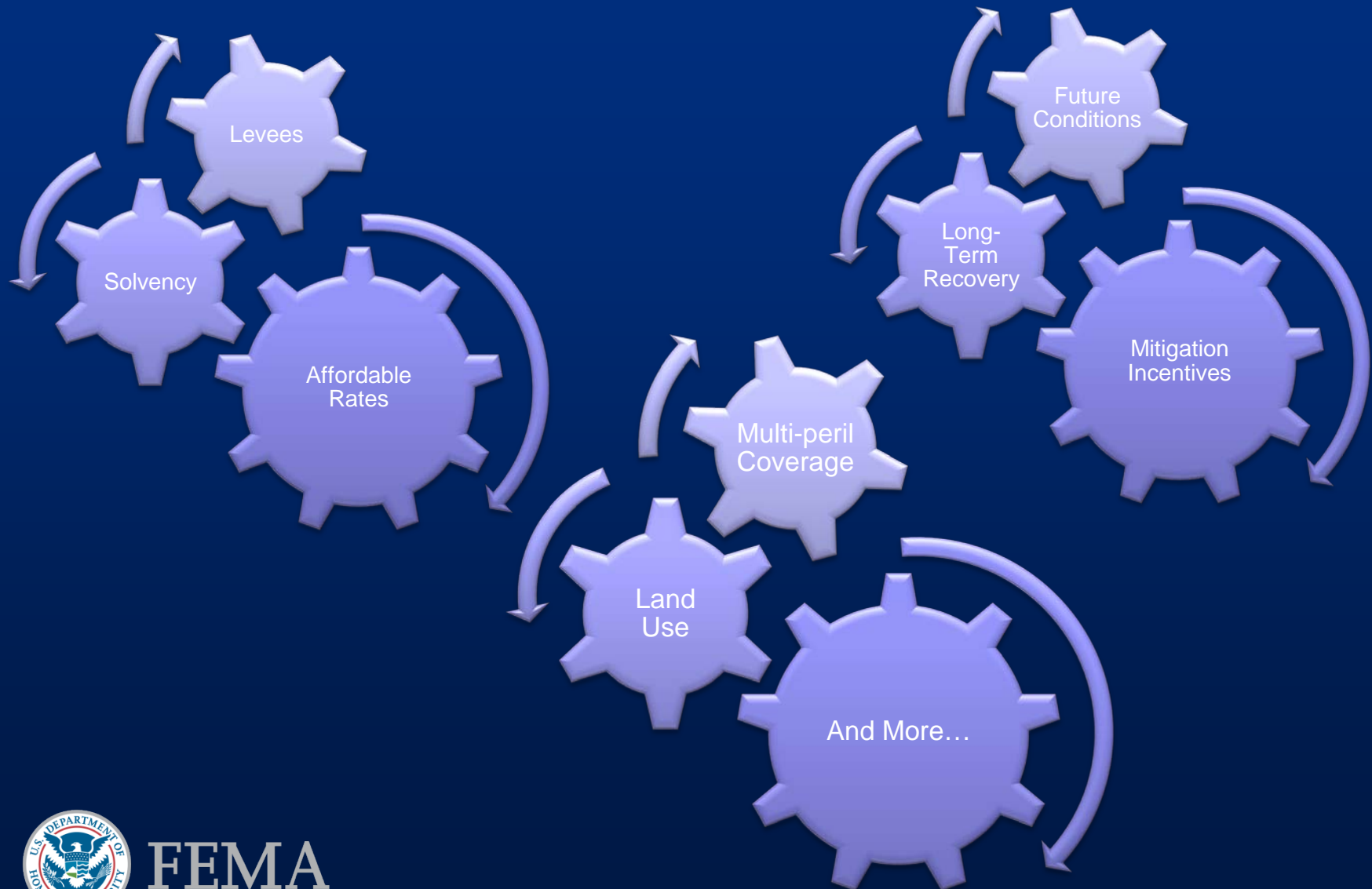
1. Actuarial rates - reduce losses from policy subsidies and rep loss properties
2. Increase property owner participation
3. Develop accurate maps
4. Effective oversight of insurance operations

1. Affordable insurance rates
2. No mandatory purchase
3. Stop the maps



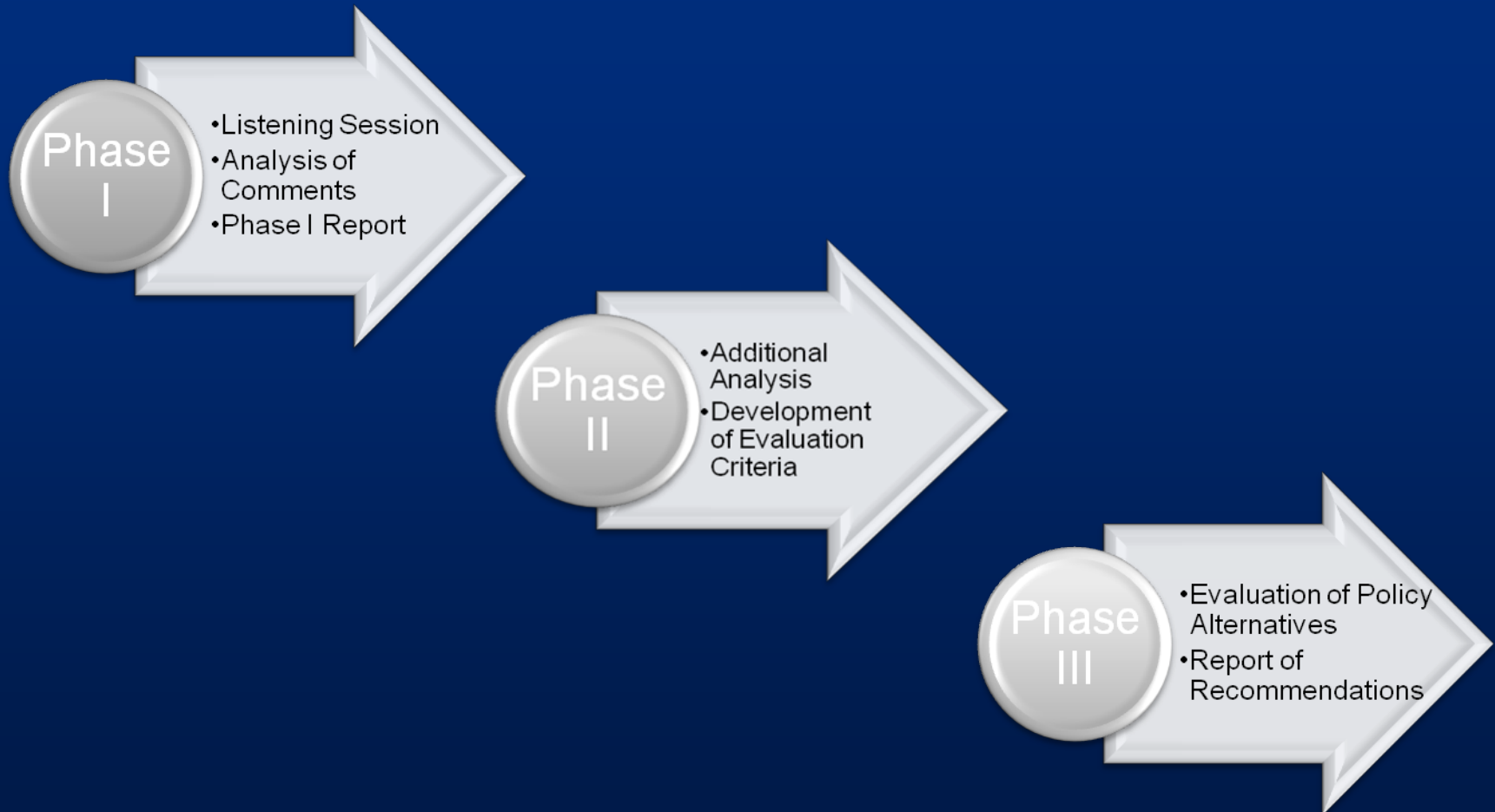
FEMA

# Hot Issues: Turning towards Innovation



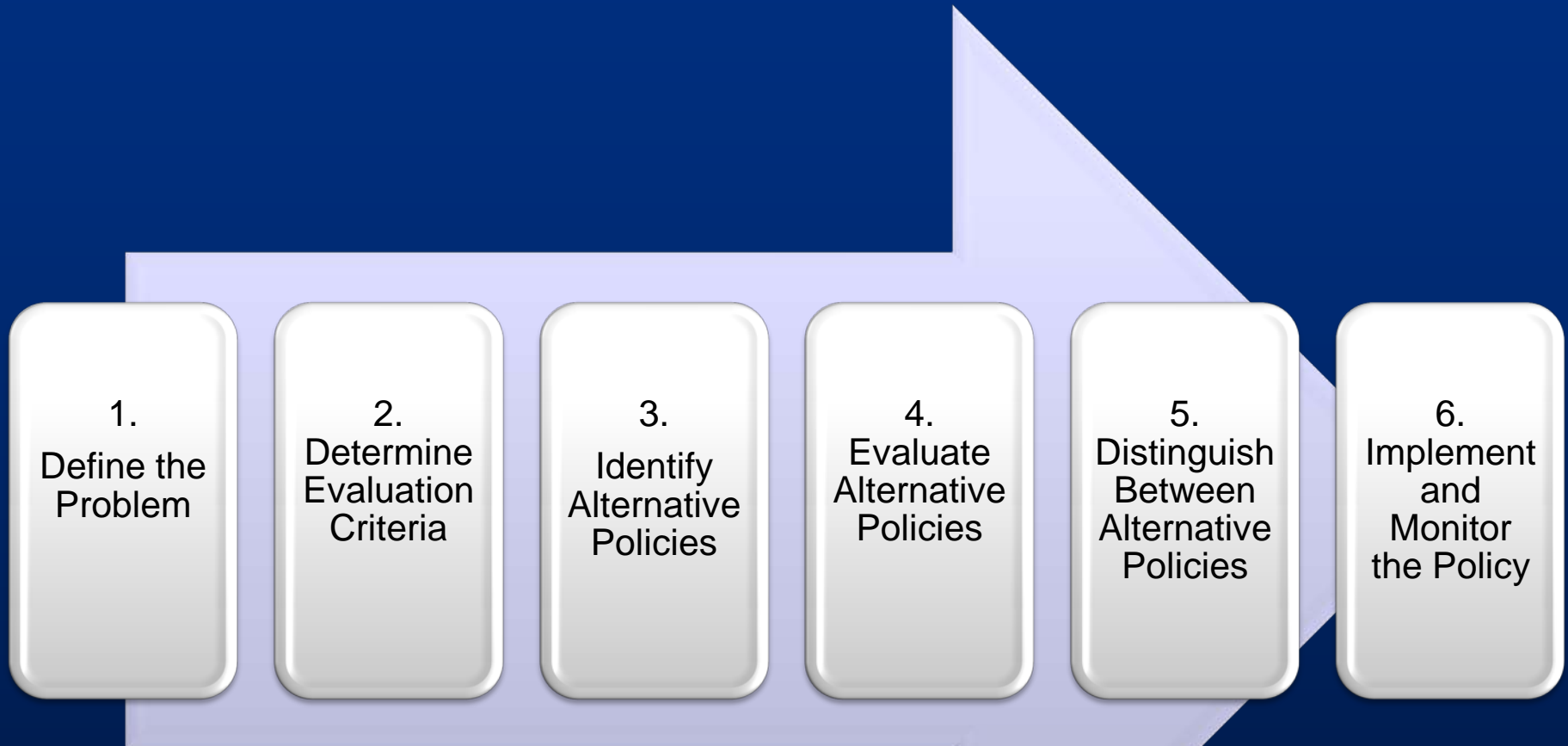
FEMA

# NFIP Public Policy Reform Process



FEMA

# Phase II and III: Policy Analysis Approach



FEMA

Adapted from *Basic Methods of Policy Analysis and Planning* by Patton and Sawicki

# Phase III: Evaluation of Reform Packages



---

Section 5

# NFIP REFORM: PHASE II



FEMA

# Phase II Overview

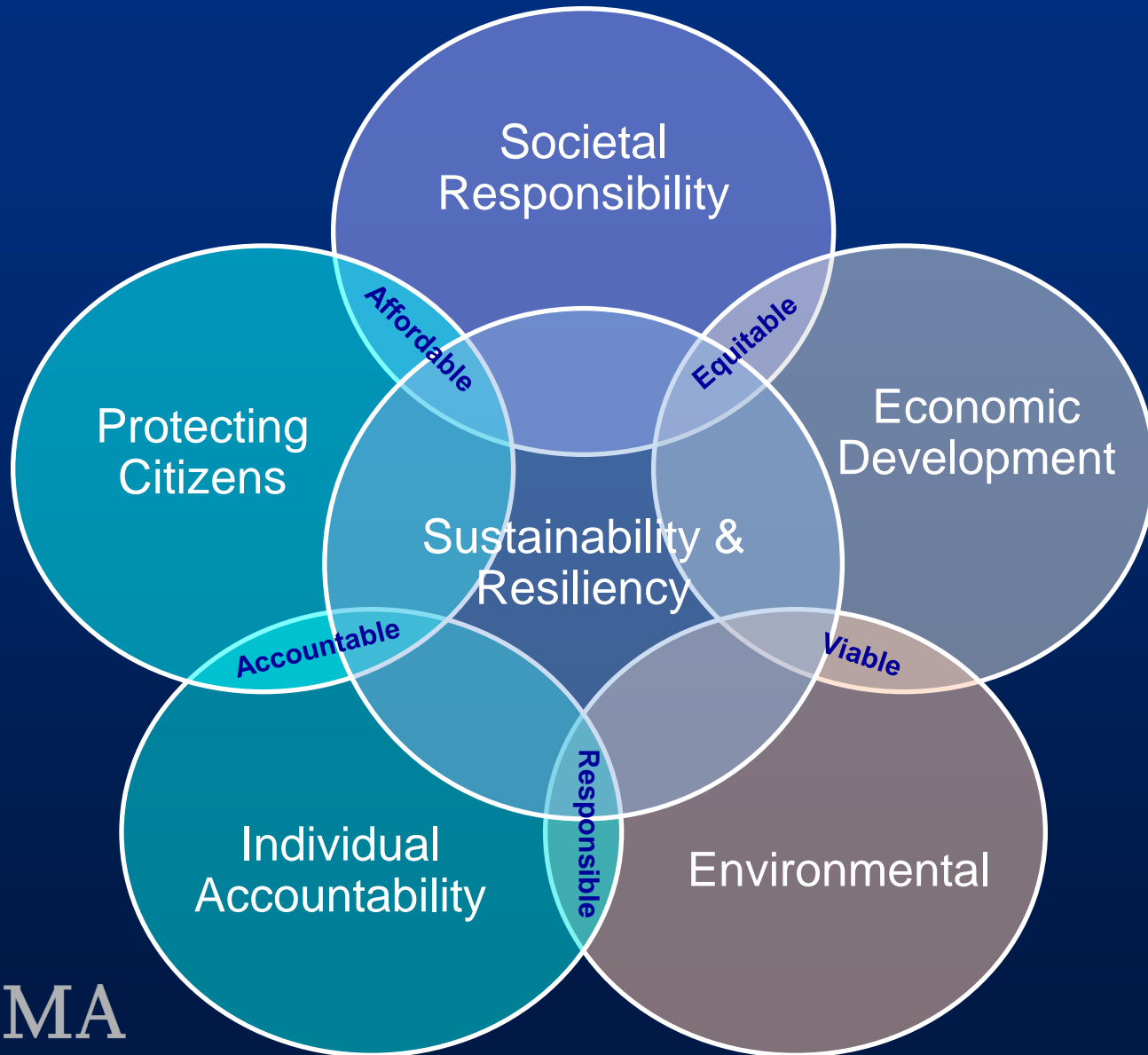
---

- Phase II Activities:
  - Adopt a policy analysis framework to guide the NFIP reform effort
  - Analyze existing stakeholder input regarding the NFIP to understand the public policy context
  - Develop and agree to guiding principles to direct the NFIP reform effort
  - Create evaluation criteria to be used in scoring each of the proposed policy alternatives (to be developed in Phase III)



FEMA

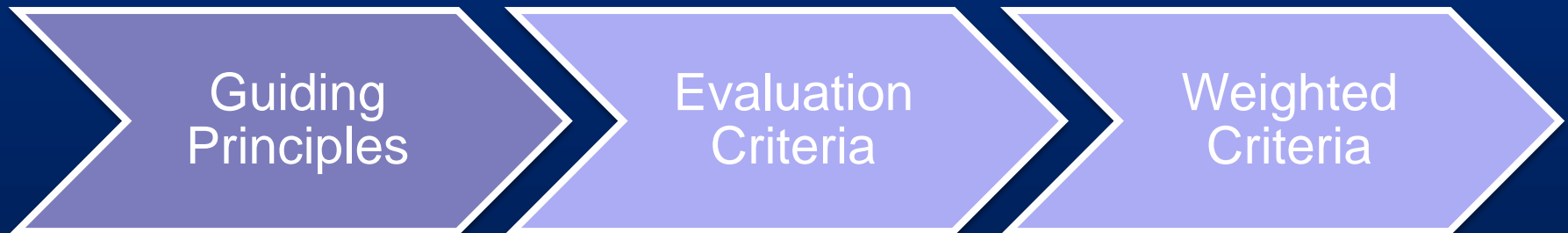
# Step 1: NFIP Reform Public Policy Context



FEMA

# Step 2: Determine Evaluation Criteria

---



FEMA

# Step 2: NFIP Reform Guiding Principles

---

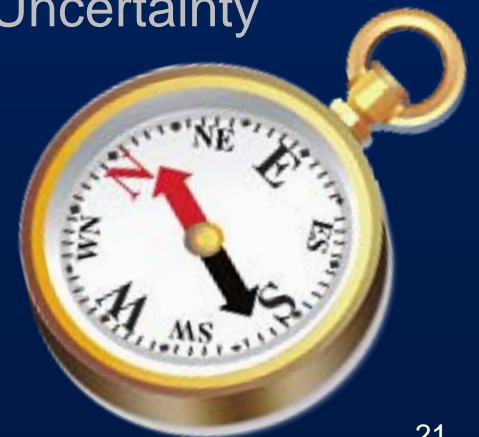
- ❖ Protect lives, property, environmental and cultural assets.
- ❖ Motivate people to voluntarily participate in reducing society's risk.
- ❖ Make the best use of public resources.
- ❖ Ensure selection of an adoptable and sustainable policy.
- ❖ Consider notions of equity with regard to risk and socioeconomic status.
- ❖ Recognize and consider the governance and responsibility of states, communities and tribes as a means to achieve sustainability and resiliency.



FEMA

# Step 2: NFIP Reform Evaluation Criteria

- Evaluation criteria were developed to be used in scoring the policy alternatives in Phase III
- The following characteristics defined our criteria:
  - ✓ Accurate and Unambiguous
  - ✓ Understandable
  - ✓ Comprehensive but Concise
  - ✓ Practical
  - ✓ Direct and Ends-oriented
  - ✓ Sensitive to the Alternatives under consideration
  - ✓ Measurable and Consistently Applied
  - ✓ Explicit about Uncertainty



FEMA

# Step 2: Complete Set of Evaluation Criteria

- Cost of flood is borne by individuals
- Individuals incur costs of increased risk gradually
- Full assistance is provided to those who cannot afford the cost of flood
- Minimize exposure to flood hazards
- Maximize natural and beneficial functions of the floodplain
- Efficiency - Maximize the societal benefit/cost ratio
- Administrative feasibility
- Political acceptability



FEMA

---

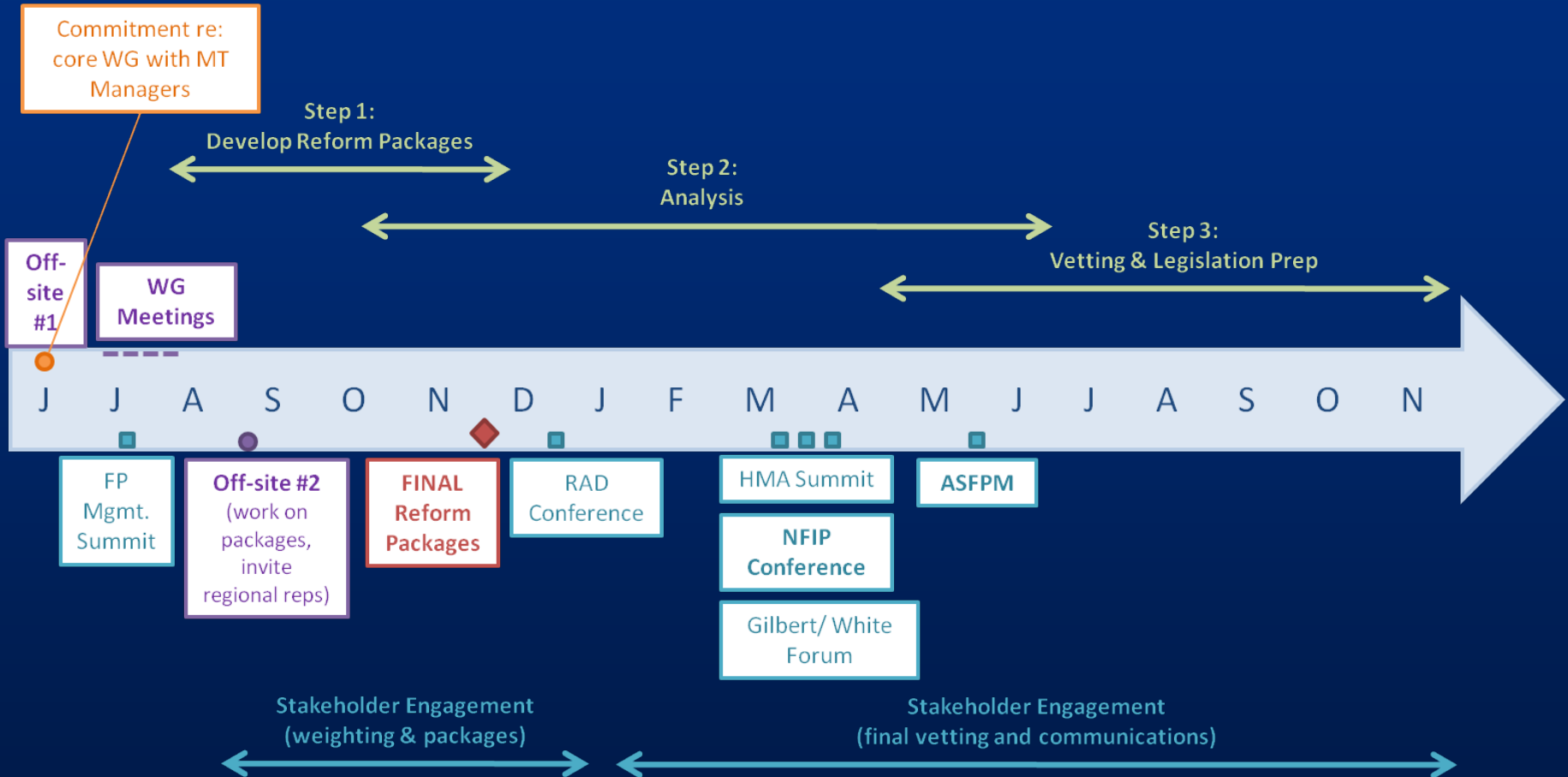
Section 6

# WHAT'S NEXT?



FEMA

# NFIP Reform Phase III Timeline: 18-Month View



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
    - A Coordinated Approach to Managing Floodplains
- 

## Background and History

- 1966 – Report: “A Unified national Program for Managing Flood Losses”; House Document (HD) 465, The “Magna Carta of contemporary floodplain management policy.”
- 1968 – National Flood Insurance Act
- 1976 – Water Resources Council (WRC): *A Unified National Floodplain Management Program*
- 1979 – WRC: *A Unified National Floodplain Management Program (Revision)*
- 1986 – FIFM-TF: *A Unified National Floodplain Management Program, 3<sup>rd</sup> Edition*



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains
- 

## Background and History (Continued)

- 1994 – FIFM-TF: *A Unified National Program for Floodplain Management* (signed by President Clinton)
- 2008 – Reactivation of the FIFM-TF – Re-established for several reasons:
  - Increasing demands on natural resources caused by population growth.
  - Provide a forum for Federal coordination and discussion.
  - Incorporate new knowledge
  - Develop common approaches among Federal agencies when implementing water resource authorities and programs
  - Harmonize communication messages and strategies.



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains

## The re-established FIFM Task Force

- Co-chaired by FEMA and the USACE
  - 13 Member agencies
    - 2 Advisors



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains
- 

## Recent & Current Activities

- Listening Session – May 10, 11, 2010
  - **Key messages from stakeholders include:**
    - As a nation, we need a framework, vision or national program that sets out goals for floodplain management for the nation
    - Useful roles of the federal government is to align its own programs to incentivize sustainable floodplain behavior; provide important information and analysis on floodplain functioning, trends and tradeoffs on which all decision-makers can base their decisions; and lead by example.
    - Avoid a federal government takeover or mandate of local decision-making and a recognition that significant local and regional differences exist.
    - Additional research and data is needed to understand risk, the costs of flooding, future risk trends, and quantify the value of the natural and beneficial functions of floodplains and understand land use tradeoffs



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains
- 

## Recent & Current Activities

- Listening Session – (continued)
  - **Principles, Values, Overarching Policies and Guidelines heard from stakeholders:**
    - The federal government should not contribute to or subsidize an increase in risk
    - Change emphasis to pre-disaster planning, not post-disaster recovery.
    - Policies and actions should attempt to address multiple objectives.
    - It is the role of government to focus on safety. Safety has many components, not flooding and structural reliability. It could include crime, drinking water, pollution, etc.
    - Federal actions and federal projects should result in no net loss of the physical and ecological processes necessary to sustain floodplains, coastal systems and supporting wetlands. Policy and actions should be aimed at protecting and restoring historic hydrology and functions of the floodplain

- The Final Summary of the Listening Session is posted at [http://www.fema.gov/business/nfip/fifm\\_task\\_force.shtm](http://www.fema.gov/business/nfip/fifm_task_force.shtm)



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains
- 

## Recent & Current Activities (Continued)

- Development of DRAFT Five Year Work Plan for FIFM-TF, July 2, 2010
  - The Work Plan seeks to identify and develop opportunities for the federal government to be more effective in promoting and encouraging good floodplain management decisions that will:
    - Reduce the loss of life and property caused by floods
    - Protect and restore natural resources and functions of floodplains
  - The Work Plan is a living document.



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains
- 

## FIFM-TF Five Year Work Plan

- Goal 1: Develop a unified national strategy and framework for floodplain management
  - Subgoal: Promote alignment of federal programs and policies to with sound floodplain management
  - Subgoal: Develop strategic direction and facilitate leadership for federal efforts that promote, encourage and support sound floodplain management
    - Activity 1: Assess impacts, and barriers, of federal programs with regard to achieving the goals of floodplain management.
    - Activity 2: Conduct Foresight style study that can provide information on future conditions that could inform current decisions.
    - Activity 3: Assess state of knowledge related to valuation of environmental services such as natural and beneficial functions and ecosystem goods and services, identify gaps and promote efforts to help fill these gaps.
    - Activity 4: Coordinate federal agency comments and finalize the update of Executive Order 11988.
    - Activity 5: Update and revise the Unified National Program (strategic national framework) for Floodplain Management.
    - Activity 6: Develop policy and technical guidance for federal agencies to encourage sustainable development and appropriate land use within and affecting the floodplains.



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains
- 

## FIFM-TF Five Year Work Plan (Continued)

- Goal 2: Provide a forum for federal agency alignment and problem-solving for emerging issues and opportunities.
  - Activity 7: Conduct a public listening session(s) on scope, foci and activities of the Federal Interagency Floodplain Management Task Force.
  - Activity 8: Continue to coordinate federal agency input and leadership to ongoing collaborative efforts, such as: ♦Silver Jackets ♦Risk MAP ♦EPA Smart Growth ♦HUD-DOT-EPA Interagency Partnership for Sustainable Communities ♦Intergovernmental Flood Risk Management Committee
  - Activity 9: Serve as a forum for inter-agency problem solving and alignment on current and emerging issues and opportunities, such as: ♦Major/minor Flood Control Definitions and Eligibility ♦Levee Safety and Natural Resource Protection ♦Terminology and guiding principles for risk based analyses within the floodplain ♦Leadership in addressing climate change issues that do or should impact floodplain management decisions
  - Activity 10: Engage and coordinate with federal interagency efforts to provide input to other task forces with a nexus to floodplain management, such as: ♦Principles and Guidelines Support ♦National Flood Insurance Reform Working Group ♦White House Climate Change Adaptation Task Force ♦White House Ocean Policy Task Force



FEMA

- The Federal Interagency Floodplain Management (FIFM) Task Force
  - A Coordinated Approach to Managing Floodplains
- 

- **Key questions include:**

- *I. Feedback of Overall Vision and Purpose*

- Do you agree with the Task Force that we need to have a national vision or unified, national approach for floodplain management?
- What principles should guide this national vision?
- What most would we like to achieve through a unified national approach for floodplain management? What would success look like?

- *II. Assessment of Opportunities & Challenges*

- What are the greatest barriers or challenges to a unified, national approach for floodplain management?
- Which existing federal laws, programs, and related state and local programs work well together?
- Where are existing programs working at cross purposes to the stated goals of floodplain management?



FEMA

# More questions....

---

- *III. Advice to the Task Force in Moving Forward*
- What are the appropriate roles of federal, state, and local agencies, the private sector, and non-profit organizations in the floodplain management practice?
- Describe your opinion regarding the existing balance between the competing interests of economic viability, public safety, and protecting and restoring the natural resources and functions of floodplains (sometimes referred to as the “natural and beneficial values” of floodplains)?
- How can the Federal government work most effectively in this process while recognizing the competing interests at the community level?



FEMA

# More questions...

---

- **IV. Feedback on Task Force Activities**
- Regarding the intended near term activities of the FIFM-TF.
- Generally speaking, do these seem like the right set of activities a Task Force like the FIFM-TF should be focusing on?
- Which of these activities are the most important to you? Why?
- If you had limited resources, which would you focus on in the next year? Why did you choose that one?
- Is there anything big the FIFM-TF is missing from this set of activities?
- 
- If you could give one bit of advice to the Task Force, what would it be?



FEMA