NFIP IMPACTS IN AGRICULTURE
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OVERVIEW

- NFIP – Flood Insurance Rate Maps – Reforms leading to studies
- The GAO study of effects of the NFIP on farmers in riverine areas that have a high risk of flooding
- NFIP maps in RD, FSA, & NRCS
- Extension programs for producers?
THE NATIONAL FLOOD INSURANCE PROGRAM

Flood Insurance from 1968 - 2012:
- Buildings there BEFORE the FIRM get special rates
- New buildings pay actuarial rates (based on elevation)
- Rate-class is grandfathered when FIRMS change

2012 NFIP Reform Legislation
- Eliminated reduced premiums

2013 – 2014 Hue and Cry - Studies of the NFIP
- Resulting in substantial reversal of the 2012 reforms
NFIP – Significance of the FIRM

Special Flood Hazard Areas

A
AE
VE

Being mapped into the Special Flood Hazard Area complicates land use.
IF YOU ARE IN THE MAPPED FLOOD ZONE

NFIP Participating Community responsible to:
  ○ Protect new buildings from future flood damage
  ○ Issue permits for ALL development
  ○ Protect floodplain storage capacity

Lender responsibility:
  ○ Require flood insurance on any building securing a loan if there is any federal interest in the loan or the lending institution

Property owner’s responsibility:
  ○ Be aware, be compliant
PROTECTING BUILDINGS

- Requirements
  - Lowest floor at or above BFE
  - Anchored to resist floatation
  - Flood resistant materials used below BFE

- Buildings include home, office, barn, grain bin

- Rules apply equally in urban and rural areas
ALTERNATIVES TO ELEVATION

Non-Residential Buildings
- Dry Floodproofing
- Compliant
- No insurance penalty if protected to BFE+1

FEMA P-936, Floodproofing Non-Residential Buildings (2013)
http://www.fema.gov/media-library/assets/documents/34270

Agricultural Buildings
- Wet Floodproofing
- Not compliant, Variance
- Insured as “Below BFE”

Wet floodproofing is accepted but not credited in rating insurance!
EXISTING BUILDINGS IN THE FLOOD ZONE

The 50% Rule

If a building is below BFE in the flood zone AND the cost of improvement is < 50% of building’s market value
- Additions (lateral and vertical)
- Remodeling
- Repair of damage

Cost of improvement is > 50% of building’s market value
- Treat the addition (or the building) like new construction
SEE GAO SLIDES FOR PRESENTATION ON THE STUDY AND THE REPORT

REMAINING SLIDES IN THIS DECK WERE SHOWN FOLLOWING THE GAO STUDY PRESENTATION
The Deepest NFIP Floodplains

X-Protected by Levee
Levee Certification

Using Criteria from FEMA Regulations

Without-levee analysis being replaced with a new Levee Analysis and Mapping Procedure (LAMP)

as of 3/30/06

One Team: Relevant, Ready, Responsive, Reliable
Mapped Flood Zones in USDA Programs

- **Rural Development** – for property in SFHA
  - Home loans for existing homes (conditional)
  - Home loans for new construction (discouraged)
  - Floodproofing eligible (not specific purpose)

- **Farm Service Agency** – crop / property loans
  - Crop insurance higher if property is in the SFHA
  - Buildings on mortgaged land require flood insurance

- **NRCS** – Conservation programs
  - Mapped SFHA is target of some programs
MESSAGES FOR ALL CONSUMERS

○ Protect yourself from future flood damage
  ▪ Buy flood insurance –
    ○ It’s not part of “homeowners”.
    ○ Make sure you have “contents” coverage.
  ▪ Recognize the flood risk, build above BFE
    ○ If you HAVE too
    ○ …and even if you don’t
  ▪ Get involved, especially in the map “comment period”
  ▪ Know that flood maps are old news when you get them
    ○ Build as though future BFEs will be higher
    ○ FIRMs do not consider future conditions

Where can you insert these messages into your Extension programs?
MESSAGES FOR AG PRODUCERS

- Beating the system can be costly in the long run
  - What you (or your community) don’t know can hurt you
- **Opportunity for input** on protective measures or special treatment for ag and rural areas
- Incidental buildings on land used as collateral may **not** require flood insurance

From FEMA’s CRS Manual on Mandatory Purchase

Under federal regulations, the required coverage must equal the amount of the loan (excluding appraised value of the land) or the maximum amount of insurance available from the NFIP.