

MEMORANDUM

To: Tom Harmer, Town Manager

From: James Linkogle, Public Works Project Manager
Isaac Brownman, Public Works Director
Allen Parsons, Planning, Zoning & Building Department Director

Report Date: March 10, 2022

Meeting Date: March 21, 2022

Subject: FEMA Flood Insurance Rate Maps Update and National Flood Insurance Program Related Changes Overview

Recommended Action

None, informational only.

Background

The Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRM's) for the Town of Longboat Key have historically been updated separately for each respective County when improved survey techniques and FEMA Flood Insurance Studies are conducted. In order to participate in the National Flood Insurance Program (NFIP) communities must formally adopt these maps and have local enforceable Flood Codes that include all required elements of the NFIP under Code of Federal Regulations 44, 60.3. The maps provide the Base Flood Elevation information for development within the community.

In 2003 FEMA initiated the program to update from paper maps to digital format and resulted in new Flood Insurance Rate Maps (FIRMs) for Longboat Key in March 17, 2014 for Manatee County and November 4, 2016 for Sarasota County.

Following that program update, FEMA initiated the Risk Mapping, Assessment and Planning (Risk MAP) program which incorporated significant recent changes to the FIRM maps. In February of 2021 FEMA notified the Town with the Final Letter of Determination for the new FIRM for Manatee County portions of Longboat Key to go into effect on August 10, 2021. (The Commission has formally adopted them.)

The Sarasota County Risk MAP, Preliminary Maps, were issued December 31, 2019 and on March 3, 2021 we received notice of the 90 Appeal period for these maps. The Sarasota County appeals & comments were submitted to FEMA in July 2021 and they are still being reviewed by FEMA. We do not know when FEMA will finish their review and issue the Letter of Final Determination. Their final timeframe has yet to be established.

Copies of the Sarasota County Preliminary and Manatee maps can be accessed through the [FEMA Map Service Center](https://msc.fema.gov/portal/advanceSearch) (<https://msc.fema.gov/portal/advanceSearch>).

Related to this staff update on recent and pending updates to Sarasota and Manatee County's, FEMA FIRMs, Mike Mailliard, owner of MIC Insurance was invited to provide an overview of recent NFIP changes, and the potential effect for Longboat Key properties.

The recent changes referred to as FEMA's new NFIP Flood Insurance cost - Risk Rating 2.0 became effective on October 1, 2021. This is the first time in over 50 years that FEMA has significantly adjusted the methodology for pricing flood insurance premiums for NFIP.

FEMA's prior rating methodology has been described as a "one-size-fits-all" approach that priced flood insurance based on which flood zone a property is mapped in by FEMA. Practically, this means that two houses located right next to each other could have vastly different insurance premiums if they are mapped in different flood zones by FEMA.

Under Risk Rating 2.0, flood insurance rates will be decided at the individual property level in order to give policyholders a more accurate and transparent picture of flood risk for their home. Going forward, FEMA will consider new factors when calculating flood insurance rates, including the different types of flooding that impact a property (including riverine and flash flooding), the distance a property is from a source of flooding like the coast or a river, and the cost to rebuild or restore that property. This update will create unique insurance rates that accurately reflect an individual property's risk.

Some elements of flood insurance will not change with Risk Rating 2.0. For example, the mandatory purchase requirement will remain, along with a premium cap that limits rate increases to no more than 18% per year. Under FEMA's current rating methodology, policyholders with lower-valued homes are paying more than their share of the risk while policyholders with higher-valued homes are paying less. This is because FEMA does not currently consider in its pricing calculation the costs required to rebuild a home if it needs to be replaced. Homes with higher values cost more to reconstruct, so Risk Rating 2.0 improves equity by ensuring home values and premiums are aligned with a property's actual risk.

The Risk Rating 2.0 began on October 1, 2021, when new policies became subject to the new rating methodology. By April 1, 2022, all remaining policies renewing on or after that date are subject to the new rating methodology.

Mr. Mailliard will cover anticipated local implications for Town properties, private insurance flood options, pricing effects and the importance of having a base flood policy for future buyers to assume.

Staff Recommendation

None, informational only.

Attachments

PowerPoint Presentation by FEMA to Sarasota County dated March 2020, for reference (Available in Town Clerk's Office)

End of Agenda Item