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Wai Halana
Hawaii Flood News

DEPARTMENT OF LAND AND NATURAL RESOURCES
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HOMEOWNER FLOOD INSURANCE AFFORDABILITY ACT

On March 21, 2014, President Obama signed the Homeowner Flood Insurance Affordability Act (HFIAA) into law. This new legislation repeals and modifies certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW12) and makes additional program changes to other aspects of the program not covered by BW12.

In a recent Overview document published by FEMA, the agency stated that the new law lowers the recent rate increases under the BW12 legislation on some policies, prevents some future rate increases, and implements a surcharge on all policyholders. The HFIAA also repeals certain rate increases that have already gone into effect and provides for refunds to those policyholders. In addition, the Act also authorizes additional resources for the National Academy of Sciences (NAS) to complete the affordability study.

FEMA has actively begun analyzing and prioritizing implementation of the new law since it is not possible for changes to happen immediately. While the new law does require some changes to be made retroactively, applying to certain policies written after July 6, 2012, other changes require the establishment of new programs, processes and procedures. FEMA's initial priority is assessing potential changes to the NFIP's business processes to stop policy increases for certain subsidized policyholders as outlined in the Act. On April 15, 2014, FEMA issued a National Flood Insurance Program (NFIP) bulletin to its private sector, Write Your Own (WYO) insurance company partners on how to adjust rates for certain Pre-Flood Insurance Rate Map properties. This bulletin outlines the implementation of FEMA's first priority of stopping policy increases for certain subsidized policyholders as mandated in the HFIAA. These changes are outlined in Phase I of the implementation plan and will begin on May 1, 2014. (Download a copy of the Summary of Phase I of Implementation Plan here). An update to the Phase I Implementation Plan was released on April 24, 2014 in another WYO (W-14016) Bulletin. (Download a copy of the Update here).

The other topics addressed in the HFIAA include: Refunds, Premium Rates for Subsidized Policies, New Surcharge on All Policies, Grandfathering, Flood Insurance Advocate, Affordability Framework, Mapping, and other Provisions. The following summarizes the FHIAA reform topics :

Refunds
For certain flood insurance policies affected by the pre-FIRM subsidy elimination required by BW-12, HFIAA mandates refunds of the excess premiums to affected policyholders who were charged pursuant to the BW-12 requirement.

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The current and selected past issues are also available at:
www.hawaiinfip.org

If you wish to receive the Wai Halana via email or wish to be removed from our mailing list, please contact Jerome Acadimia at (808) 587-0254

Upcoming Events

ASFPM 38th Annual National Conference

SAVE THESE IMPORTANT DATES: June 1 - 6, 2014, for ASFPM's 38th Annual National Conference, "Making Room for Floods & Fish", at the Washington State Convention Center in Seattle, Washington. For more information, visit: www.floods.org

10th Annual Hawaii Floodplain Managers Conference

SAVE THE DATES: August 13—14, 2014, for the 10th Annual Hawaii Floodplain Managers Conference to be held at the Manoa Grand Ballroom in the Japanese Cultural Center, Honolulu. Check www.hawaiinfip.org for updated conference information as it becomes available.

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Premium Rates for Subsidized Policies

- HFIAA requires gradual rate increases to properties now receiving artificially low (or subsidized) rates instead of immediate increase to full-risk rates that were required under certain conditions as mandated by BW-12.
- FEMA is required to increase premiums for most subsidized properties by no less than 5 percent annually until the class premium reaches its full-risk rate.
- With limited exceptions flood insurance premiums cannot increase more than 18 percent annually. There are some exceptions to these general rules and limitations, The most important of these exceptions is that policies for the following properties will continue to see up to a 25 percent annual increase as required by BW-12 until they reach their full-risk rate:
    - Older business properties insured with subsidized rates;
    - Severe Repetitive Loss Properties insured with subsidized rates;
    - and buildings that have been substantially damaged or improved built before the local adoption of a Flood Insurance Rate Map (known as Pre-FIRM properties).

New Surcharge on All Policies

A new surcharge will be added to all policies to offset the subsidized policies and achieve the financial sustainability goals of BW-12. A policy for a primary residence will include a $25 surcharge. All other policies will include a $250 surcharge. The fee will be included on all policies, including full-risk rated policies, until all Pre-FIRM subsidies are eliminated.

Grandfathering

- The HFIAA repeals a provision of BW-12 that required FEMA, upon the effective date of a new or updated Flood Insurance Rate Map, to phase in premium increases over five years by 20 percent a year to reflect the current risk of flood to a property, effectively eliminating FEMA's ability to grandfather properties into lower risk classes.

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- For newly mapped in properties, the new law sets first year premiums at the same rate offered to properties located outside the Special Flood Hazard Area (preferred risk policy rates).
- With limited exceptions, flood insurance premiums cannot increase more than 18 percent annually.

Flood Insurance Advocate

The HFIAA requires FEMA to designate a Flood Insurance Advocate to advocate for the fair treatment of NFIP policy holders.

Draft Affordability Framework

The HFIAA requires FEMA to prepare a draft affordability framework, which is due to Congress 18 months after completion of the affordability study required by BW-12. The Affordability Study required by BW-12 is underway and is being conducted by the National Academies of Sciences, as specified in the BW-12 law.

Mapping

- The HFIAA requires the Technical Mapping Advisory Council (TMAC) to review the new national flood mapping program authorized under the 2012 and 2014 flood insurance reform laws. The law requires the Administrator to certify in writing to Congress that FEMA is utilizing "technically credible" data and mapping approaches. The law also requires FEMA to submit the TMAC review report to Congress.
- As the new national flood mapping program is being established, FEMA expects there will be opportunities to make incremental improvements to current procedures as it provides flood hazard data and information under the NFIP. FEMA will make those improvements where necessary to ensure all ongoing changes to flood hazards continue to be effectively communicated, mitigated, and properly insured against.
- The law lifts the $250,000 limit on the amount that FEMA can spend to reimburse homeowners for successful map appeals based on a scientific or technical error. Federal rulemaking is required in order to implement this provision.
- FEMA is authorized to account for reconstruction or improvements of flood protection, not just new construction. It authorizes FEMA to consider the existing present value of a levee when assessing adequate progress for the reconstruction of an existing flood protection system. The law extends certain provisions related to NFIP requirements in areas restoring disaccredited flood protection systems to coastal levees and clarifies that the levee needs to be considered without regard to the level of federal funding for the original construction or the restoration.
- The law exempts mapping fees for flood map changes due to habitat restoration projects, dam removal, culvert re-design or installation, or the installation of fish passages.
- The law requires FEMA to consider the effects of non-structural flood control features, such as dunes, and beach and wetland restoration when it maps the special flood hazard area.
- The law requires FEMA to enhance coordination with communities before and during mapping activities and requires FEMA to report certain information to members of Congress for each State and congressional district affected by preliminary maps.

Other Provisions

- The new law permits FEMA to account for property specific flood mitigation that is not part of the insured structure in determining a full-risk rate.
- The law requires that residential basement floodproofing be considered when developing full-risk rates after a map change increasing the Base Flood Elevation in an area where residential basement floodproofing is permitted.
- The law mandates that FEMA develop an installment plan for non-escrowed flood insurance premiums, which will require changes to regulations and the Standard Flood Insurance Policy contract.
- The law increases maximum deductibles.
- The law encourages FEMA to minimize the number of policies where premiums exceed 1-percent of the coverage amount, and requires FEMA to report such premiums to Congress.

For up to date information on the implementation of the Homeowner Flood Insurance Affordability Act, visit: www.fema.gov/flood-insurance-reform

Source: FEMA

Elevation Certificates – Do I Really Need One Now?

By Bruce Bender, CFM and ASFPM Insurance Committee Co-Chair

This is a common question we are hearing in workshops and floodplain managers are getting from their citizens. With the Biggert-Waters Flood Insurance Reform Act of 2012 becoming law July 2012, certain pre-FIRM properties previously rated with subsidized rates were having to be rated with their full-risk rate. FEMA does not have a rate table called "Full Risk-Rate," but instead that rate varies per each building. Therefore, in most cases*, an Elevation Certificate would be required for the insurance agent to determine that full-risk rate.

For example, with the passage of BW-12, a policy written on a newly purchased pre-FIRM building in a high-risk area would have to be rated using an EC. This is when we (and members of Congress) heard about the large premiums and home closings not going through (or people were stuck paying this at renewal if they had purchased the home after the law was enacted and before that part of BW-12 was enacted). This full-risk rate requirement also applied to newly written and lapsed pre-FIRM policies in high-risk areas (and Zone D).

However, with the recent passage of the Homeowner Flood Insurance Affordability Act, this requirement was removed. As of May 1, 2014, policies on these pre-FIRM buildings (i.e., newly written, newly purchased, lapsed) will be rated using the subsidized rate table in effect Oct. 1, 2013. So, what do you tell the property owners when they ask if they need one now?

Looking closely at HFIAA, it does say that these properties will be on a path to full-risk rates, but it will be a very gradual rise (rates will increase between 5-15 percent with some exceptions to as high as 18 percent). There is one set of exceptions. What HFIAA did NOT change is the 25 percent annual rate increases that non-primary residences, commercial buildings, and those with significant losses will experience each year until they reach full-risk rate.

Again, that is determined on an individual-building basis. So, an EC will be needed to determine what that premium is and to help guestimate how long it will take to reach the full risk rate. For example, if a pre-FIRM premium** is $3,000, and its full-risk rate premium is $8,000, and you assume a 10 percent annual increase for the full-risk rate premium (it could be less), and the pre-FIRM continues at a 25 percent annual increase, you will finally reach full-risk premium when the policy renews eight years from now…at about $17,000. Again, the only way to estimate that is to get an Elevation Certificate.

So, by having the EC, insurance agents can determine the full-risk rate for pre-FIRM buildings in high-risk areas. This could be especially important information if that building is being bought or sold and will be used as a secondary home or business. Bottom line: the property owner will have to decide if they really want or need one.

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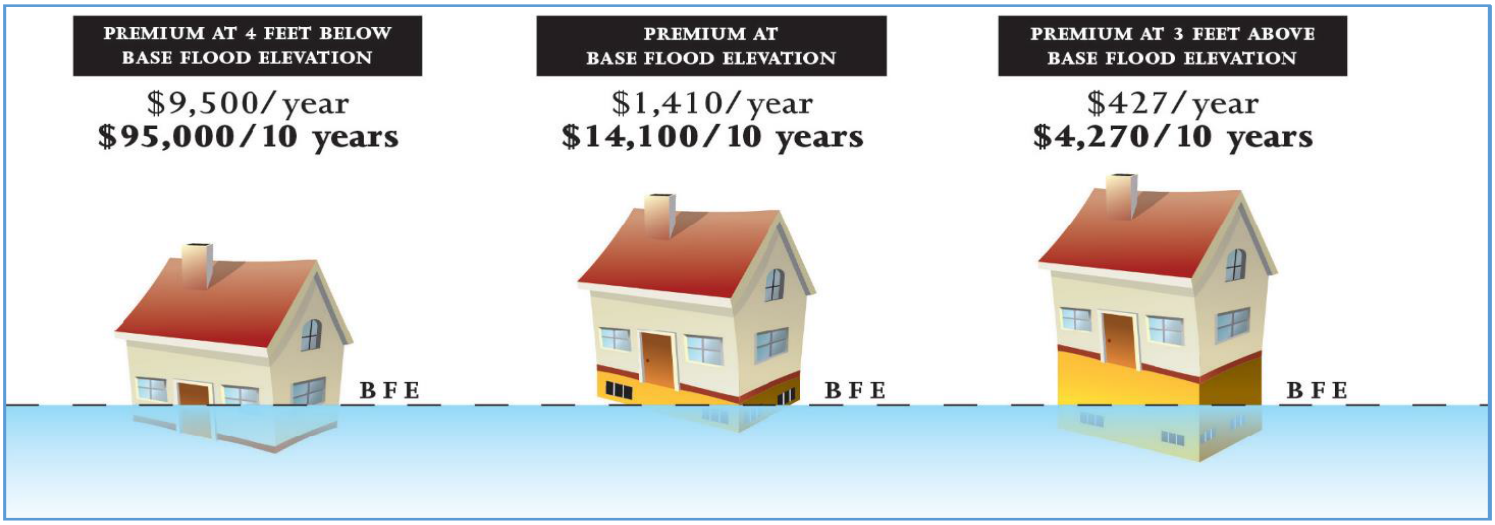
* *ECs are not needed to rate in unnumbered V (without BFE), A99, or in Zone AO if a Certificate of Compliance is provided by the community official. They are also not needed in Zones B, C, D, or X.*

** *Secondary home on a slab; Zone AE; October 2013 rates; $200,000 building/$80,000 contents coverage; Lowest Floor Elevation-Base Floor Elevation=-3'*

FEMA has this handy "Fact Sheet: A Homeowner's Guide to Elevation Certificates." The diagram below, from the fact sheet, indicates how much a homeowner could save based on the FEMA flood insurance manual from Oct. 1, 2012. The illustration is based on a standard NFIP deductible.



Source: ASFPM News & Views April 2014

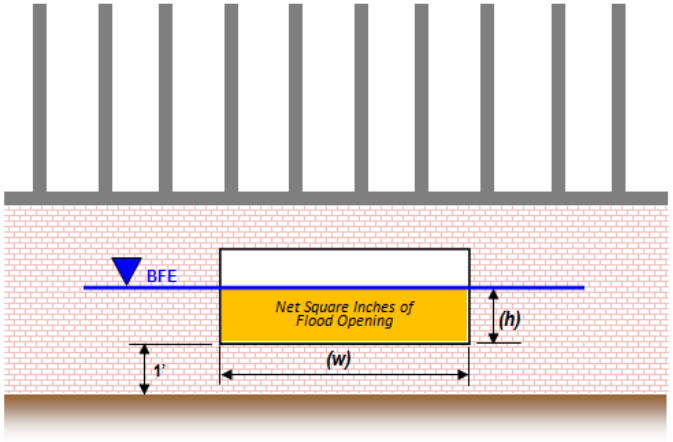
Calculating the Net Area of Flood Openings

Aside from the obvious importance of properly elevating a structure, one of the most seemingly inconsequential design feature of that structure are those small openings that may be seen around the enclosures of an elevated structure. If this newly constructed structure is located in an A zone as designated on FEMA's Flood Insurance Rate Maps, it is likely a "Flood Opening" and is required to be incorporated into the design of that structure to allow floodwaters to automatically enter and exit the enclosure. The NFIP's prescriptive requirement is 1 square inch of net open area for every square foot of enclosed area.

Surveyors need to include flood opening information gathered during their survey and record this information in Section A (Item A8 and A9) of FEMA's Elevation Certificate (EC). Although the EC packet includes 9 pages of detailed instructions, there are no specific instructions on how the net area opening should be calculated on these flood openings. It's not as simple as just calculating the full area of the permanent flood openings and excluding the area of obstruction by any bars, louvers, or other covers.

First off, only the flood openings where the bottom of the opening is not more than 1 foot above the higher of the interior or exterior grade immediately under the opening, can be counted as a valid opening and thereby recorded on the EC.

Now that you've determined which specific flood openings are valid openings, the next step is determining the total cumulative net area of all these flood openings and enter the total square inches on the EC in item A8(c) and/or A9(c).



Calculate the net area for each opening by multiplying the "height" by the width of the permanent opening; then subtract the estimated area of grating or louvers that cover the openings. However, remember it was stated earlier that it's not as simple as just calculating the full area of the permanent flood opening and excluding the area of obstructions.

Only portions of the flood opening that are below the Base Flood Elevation (BFE) can be counted towards the required net open area. It's **important** to note that the height is not necessarily the full height of the permanent opening.

If the structure is located in an area with varying BFEs across the site, then the BFE at each vent location should be calculated and then applied at that specific vent locations to determine the applicable net area opening for that particular flood opening.

For additional resources on flood openings, download and read:

FEMA Technical Bulletin 1 - Openings in Foundation Walls and Wall of Enclosures (http://www.fema.gov/media-library/assets/documents/2644?id=1579)

The American Surveyors Magazine "Taking the Mystery Out of Flood Openings" (http://www.amerisurv.com/PDF/TheAmericanSurveyor_Turner-FloodOpenings_Vol10No6.pdf)

FLOOD MAPS Updates

Are you currently doing work in the Counties listed here? If so, please take note that FEMA has approved the following Letter of Map Changes (LOMCs) to the flood hazard information shown on the effective Flood Insurance Rate Maps.

City and County of Honolulu
Type: LOMA
FIRM Panel 0387G
Revision Date: November 5, 2013
FEMA Case Number: 14-09-0366A
Flooding Source:
Kuapa Pond, Pacific Ocean

On-line readers can view LOMC **here**

Type: LOMA
FIRM Panel 0386G
Revision Date: November 14, 2013
FEMA Case Number: 14-09-0039A
Flooding Source: Wailupe Stream

On-line readers can view LOMC **here**

Type: LOMR-FW
FIRM Panel 0353G
Revision Date: December 5, 2013
FEMA Case Number: 13-09-3266A
Flooding Source: Kalihi Stream

On-line readers can view LOMC **here**

Type: LOMA
FIRM Panel 0329G
Revision Date: January 2, 2014
FEMA Case Number: 13-09-3011A
Flooding Source: Pacific Ocean

On-line readers can view LOMC **here**

City and County of Honolulu (cont)
Type: LOMA-OAS
FIRM Panel 0367G
Revision Date: February 6, 2014
FEMA Case Number: 14-09-1372A
Flooding Source: Kapakahi Stream #1

On-line readers can view LOMC **here**

Type: LOMA-OAS
FIRM Panel 0386G
Revision Date: April 3, 2014
FEMA Case Number: 14-09-1816A
Flooding Source: Wailupe Stream

On-line readers can view LOMC **here**

Type: LOMA-FW
FIRM Panel 0352F
Revision Date: April 3, 2014
FEMA Case Number: 14-09-1674A
Flooding Source: Kalihi Stream

On-line readers can view LOMC **here**

Hawaii County
Type: LOMA
FIRM Panel 0205C
Revision Date: March 11, 2014
FEMA Case Number: 14-09-1320A
Flooding Source:
Honokaa Drainage No. 1

On-line readers can view LOMC **here**

Maui County
Type: LOMR-F
FIRM Panel 0586F
Revision Date: October 22, 2013
FEMA Case Number: 14-09-0038A
Flooding Source: Pacific Ocean

On-line readers can view LOMC **here**

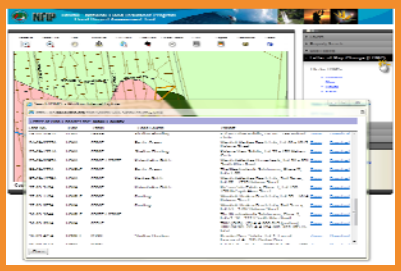
Type: LOMA
FIRM Panel 0567F, 0586F
Revision Date: March 4, 2014
FEMA Case Number: 14-09-0525A
Flooding Source:
Waipulani Gulch, Pacific Ocean

On-line readers can view LOMC **here**

Type: LOMR-F
FIRM Panel 0586F
Revision Date: April 17, 2014
FEMA Case Number: 14-09-1759A
Flooding Source: Pacific Ocean

On-line readers can view LOMC **here**

For a complete list of Hawaii LOMCs, visit the Hawaii Flood Hazard Assessment Tool at: www.hawaiinfip.org



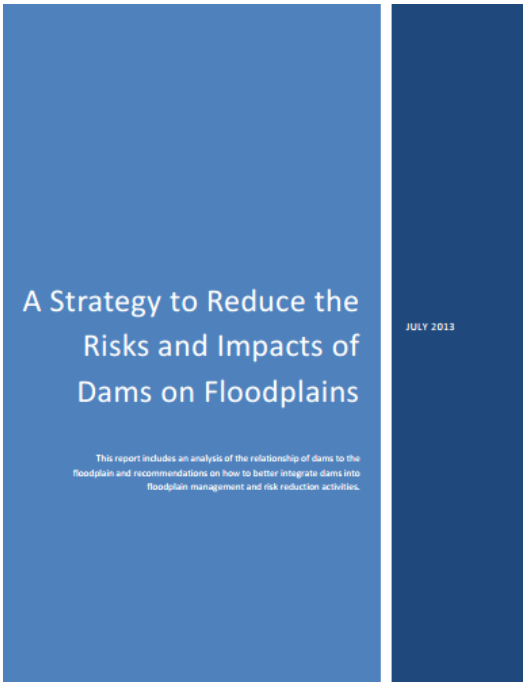
COMING SOON: UPDATED FIRMs FOR MAUI COUNTY

This fall FEMA plans to release Preliminary Flood Insurance Rate Maps (FIRMs) for Maui County. The updated maps will include:

- New engineering analysis to identify the flood hazards associated with the levee systems along Kaunakakai Stream;
- Incorporation of FEMA's Hurricane Flood Study for the island of Molokai;
- Detailed riverine analysis along Iao Stream;
- Inclusion of restudy efforts for Waikapu Stream, Kihei Gulch 1, Keokea Gulch, and Waimahaihai Gulch.

Once the Preliminary FIRMs are released, they will be made available for viewing on the Hawaii Flood Hazard Assessment Tool (**www.hawaiinfip.org**)

A Strategy to Reduce the Risks and Impact of Dams on Floodplains



When a community considers the impacts of dams on their community, they most often think only of the consequences of the failure of a dam. However, there can be severe consequences to a community even when a dam does not fail, and in some instances, operates exactly as planned. With funding from the Federal Emergency Management Agency, ASFPM's Science Services program has developed a strategy document to help floodplain management officials and communities better understand how dams affect flood risk, and the impacts dams may have on their communities. The report includes examples from locations throughout the United States to illustrate some of the issues dam owners and communities face associated with dams and flood risk reduction. Building on these case studies, recommendations and best practices were developed for the following categories:

- Residual risk, hazard creep and mapping guidelines,
- Changing hydrologic conditions,
- Impacts on the natural and beneficial functions of the floodplains,
- Federal and state governance,
- Communication of flood risk,
- Access to data and information security,
- Training and technical assistance,
- Education and outreach,
- Funding

The Hawaii Dam Safety Program is currently developing an Education and Outreach Program.

During the past several years, FEMA has worked to modernize its inventory of Flood Insurance Rate Maps (FIRMs) and has recently implemented the Flood Risk Mapping, Assessment and Planning (Risk MAP) strategy to reduce flood risks in the nation. While this initiative estimates the risks associated with levees, there has been no comparable effort by FEMA to assess the risks associated with dams.

It is known that dams affect floodplains and communities in the watershed in a number of ways, including public safety, flood risk and the environment. This report includes an analysis of the relationship of dams to the floodplain and flood risk management and recommendations on how to better integrate dams into floodplain management and risk reduction activities.

The objective of this project was to develop a national risk reduction strategy for communities affected by dams, especially those not designed for flood protection, keeping in mind the wide range of issues associated with ownership, purpose and the environment. This strategy provides suggestions on:

- How to improve community understanding of the effects of dams on flood risk and floodplain management;
- How communities can find information on dams from their states that may impact their responsibilities;
- Steps that can be taken to ensure that communities and states are aware of the hazards associated with dams and are prepared to deal with them through appropriate mitigation strategies.

The final report is available for download at:
http://www.floods.org/ace-files/Projects/DamRiskReductionStrategy_20130722_FINAL.pdf

Commemoration:
This project was funded in large part due to the efforts of Les Bond. Les approached the ASFPM Board of Directors with a request to form an ad hoc committee to address the impact of dams on flood risk management. This committee identified some of the key issues needing to be addressed. Using this assessment as justification for the development of a strategy to reduce the risks and impact of dams on floodplains, Les then helped obtain funding that enabled ASFPM to develop this strategic document. Les passed away shortly after this document was published. Thank you – Les. You will be remembered as someone who always found ways to make things happen!

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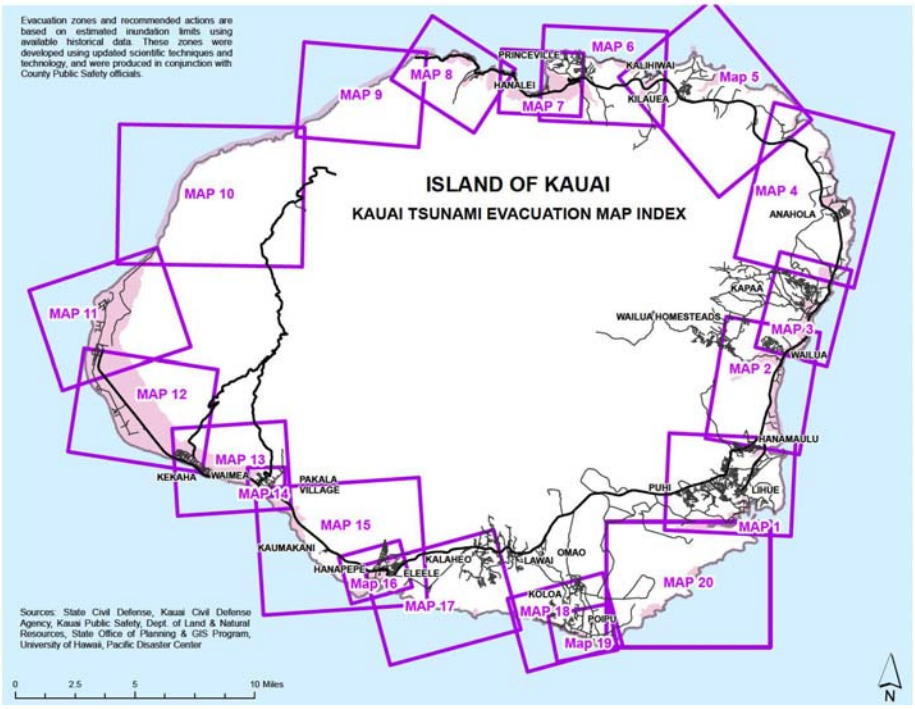
New Tsunami Evacuation Maps for Kauai County

With the assistance of the University of Hawaii, the County of Kauai has finalized and published new Tsunami Evacuation Maps for Kauai. The new evacuation zones were determined utilizing updated bathymetric/ocean-floor mapping techniques and computer modeling.

The updated maps can be viewed by visiting the County of Kauai's Civil Defense website at: www.kauai.gov/civildefense.

It is important that everyone view the updated maps as significant changes have been made in some areas. Tsunami Evacuation Zones should not be confused with FEMA's 100-year floodplains depicted on their Flood Insurance Rate Maps. These new Tsunami Evacuation Maps for Kauai and the other counties can also be viewed using the Hawaii Flood Hazard Assessment Tool (www.hawaiinfip.org).



Source: http://www.hawaiinewsnow.com/story/24510669/kauai-updates-tsunami-evacuation-zone-maps