



**FLOOD  
INSURANCE**  
Hampton Roads

# Flood Mitigation and Flood Insurance

By  
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# FIHR

## Flood Mitigation Services

- Flood Mitigation Services for sellers, buyers and builders
- Elevation certificates
- Insurance analysis
- Mitigation plans
- Product recommendations
- Construction strategic partners



# Flood Mitigation?



FOR  
DUMMIES



# Let's Dance

FEMA Code

+

Building Code

+

Flood Insurance Code





# FIHR in the News

The  
Washington  
Post

BloombergView



Voice of America  
English News

hearsay  
WITH CATHY LEWIS

The  
New York  
Times

The Virginian-Pilot



# FIHR Mission

The goal of Flood Insurance Hampton Roads is to reduce the negative impact of flooding, for both homes and businesses, concerning their property and finances through education, awareness, insurance and mitigation.



# The Three “F’s”

- Frustration
- Fear
- Foreclosure





# Case Study - Sad Story

- Home Value = \$250,000
- Flood Insurance Premium = \$3,600 (NFIP)
- Flood Insurance Quotes = \$22,000, \$24,000 and \$27,000 (Private Sector)

Outcome = Walked Away





# **Financial Impacts of Flood Insurance Premiums on Real Estate**

National Association of Realtors (NAR) commissioned an economic study

## **Key Findings:**

- \$500 of Flood Insurance Premium
- \$10,000 reduction in home value
- As premiums compound, equity diminishes



# Case Study

## Turn \$5,000 into \$100,000

- Home Value = \$300,000
- Flood Insurance Premium = \$5,900
- 18 Months on market
- Home Value = \$180,000 (-\$120,000)
- FIHR Mitigation Project = \$5,000
- New Flood Insurance Premium = \$800

Outcome = Back on Market, Listed at \$280,000



# Case Study – Grandbabies

- Home Value = \$400,000
  - Flood Insurance Premium = \$4,200
  - On Market for Extended Period
  - FIHR Mitigation Project = \$3,500
  - New Flood Insurance Premium = \$430
- 
- Outcome = Contract in under 30 days – Hello Texas, Hello Grandbabies!!



# Seniors or Fixed Incomes

- Invest in home entire life
- Fixed incomes
- Plan to sell or downsize – need equity
- Live in required flood zone
- Flood insurance premiums are preventing sale at full market value

Outcome = The Three F's



# Senior Issues

- Paid off mortgage
- Can legally drop flood insurance
- Increase risk to property
- Can't afford to repurchase flood insurance
- Reverse mortgages – if in a flood zone, will need to repurchase flood insurance



# Personal Investment Home Loan





# Case Study

## Build Up, Not Down

- Homeowner remodeling project
- Flood Insurance Premium = \$400
- Converted two car garage into a den
- Den is now living space on a slab



Outcome = Flood Insurance Premium =  
\$3,600

Very expensive den



# Case Study

## Build Up, Not Down

### Solution:

- \$10,000 at 4% for 30 years = \$50/month
- Flood insurance is = \$300/month
- \$40,000 203k loan = \$200/month
- Turn den back into garage
- Build addition on crawl space
- Add certified, engineered flood vents
- Roll short-term loan into 30 year fixed

Outcome = home value increases, nicer den, garage

Flood insurance = \$400/year

\$60 left over





# Hampton Roads Outlook

## Wetlands Watch Study – 2015

- \$400 million residential mitigation needed
- Last person in line to receive FEMA money to lift their house would receive it in:

***188 years!***



# Hampton Roads Outlook

## Wetlands Watch Study – 2015

- Potential to employ 10,000 in construction field
- Regional mitigation and commercial projects
  - Engineers
  - Architects
  - Mid-level managers



# Ideas...



- Push mortgage industry to offer low interest loans for flood mitigation projects to qualified clients
- Fund Senator Lewis's fund by offering higher interest rates than CDs to encourage investors to participate
- Copy Business Improvement District model and create Flood Improvement Districts



# Why Mitigate?

- Safer communities
- Safer homes
- Save lives
- Future storms cost less
- Quicker recovery times
- Lower flood insurance premiums





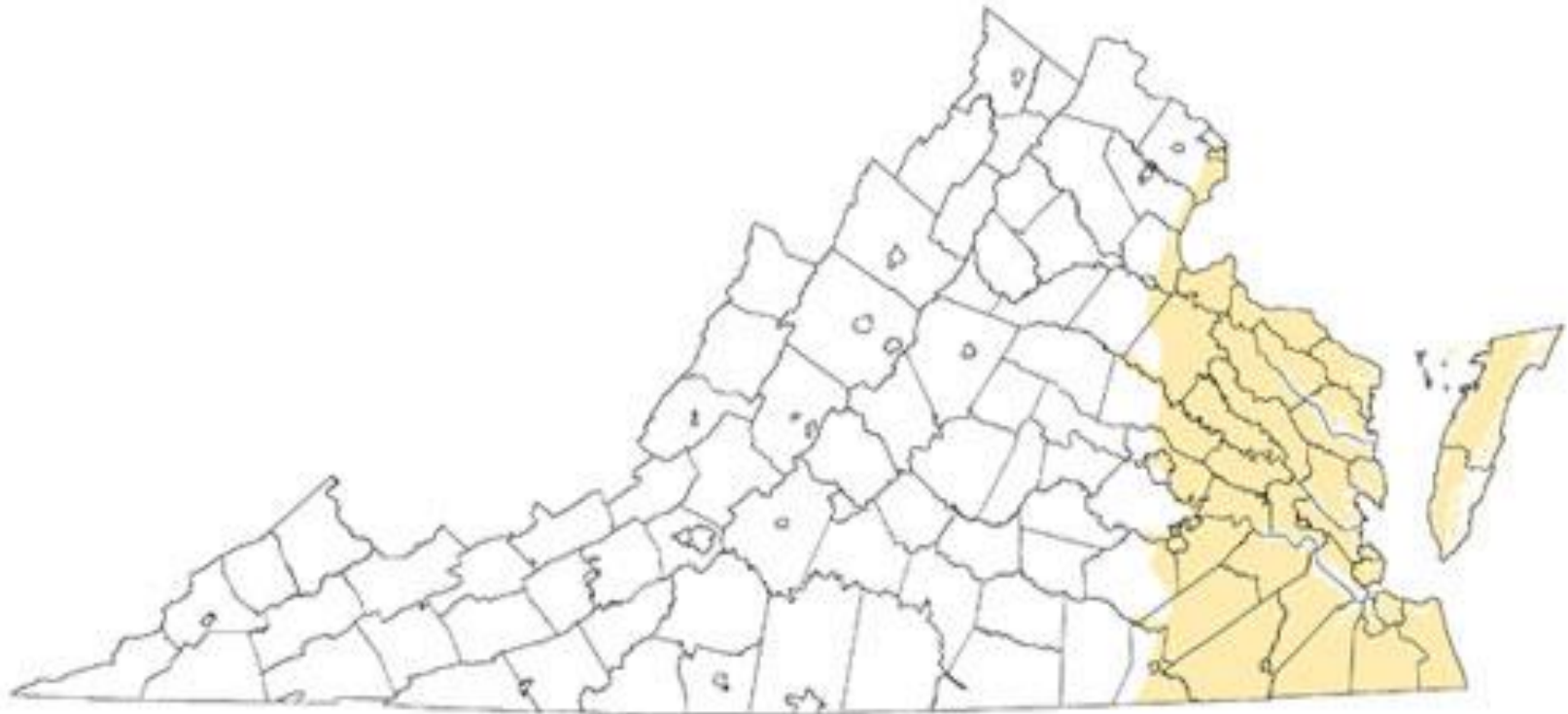
# Private Insurance Market

- Providers backed by Lloyd's of London
- Non-admitted
- Risk adverse
- Don't incentivize mitigation through reduced premiums
- Do not require elevation certificates





# Reach Beyond the Coast





**Coming Soon.....**

**MITIGATION**

FOR  
**DUMMIES**



**FLOOD  
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# Thank You

Mike Vernon

