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?
Let’s Dance

FEMA Code

+ Building Code

+ Flood Insurance Code
FIHR in the News
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
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 ($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
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
• 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
Thank You

Mike Vernon