



## ***National Flood Insurance Program: Frequently Asked Questions***

### **Floodplain Management**

[www.fema.gov/plan/prevent/floodplain/index.shtm](http://www.fema.gov/plan/prevent/floodplain/index.shtm)

**Q: What are the NFIP's accomplishments in terms of reducing flood losses?**

**A:** The National Flood Insurance Program (NFIP) has led to a large reduction in flood damages to new construction. Structures are damaged less frequently and damages are less severe. Structures built to NFIP standards experience 80 percent less damage than structures not built to these standards and have resulted in more than \$1 billion per year in reduced flood losses.

When a community adopts and enforces a floodplain management ordinance to reduce future flood risk to new construction in floodplains, the Federal government makes flood insurance available to property owners and renters within the community to protect their financial investments against flood losses.

More than 20,000 communities participate in the NFIP; these communities have adopted and are enforcing floodplain management regulations to reduce future flood damages. Approximately 3 million buildings have been constructed in accordance with NFIP floodplain management regulations. Prior to the NFIP, only a few States and a small number of communities had floodplain management programs or regulated floodplain construction.

**Q: What roles do FEMA and State and local governments play under the NFIP?**

**A:** By statute, FEMA has a direct relationship with each NFIP community. FEMA is responsible for ensuring that communities adopt compliant floodplain management regulations and enforce those regulations. FEMA also provides technical assistance to help communities understand NFIP requirements. If communities do not adopt compliant regulations or do not properly enforce their regulations, FEMA can suspend them from the program, making residents ineligible for flood insurance coverage.

States have a major role in coordinating the NFIP and floodplain management within their State. States also provide enabling authority for communities to adopt and enforce floodplain management regulations and are in a unique position to provide technical assistance to their communities. Every State has designated an NFIP State Coordinating Agency. For more than 20 years, the NFIP has provided funding to the States to provide technical assistance to NFIP communities. State agencies provide the majority of this assistance on behalf of FEMA. A number of States also have their own floodplain management programs and authorities independent of the NFIP.



**Q: What are the requirements for rebuilding in flood-prone areas?**

**A:** Before a property owner can pursue development in the Special Flood Hazard Area (SFHA), a permit must be obtained from the community. The community is responsible for reviewing the proposed development to ensure that it complies with the community's floodplain management ordinance.

In general, NFIP minimum floodplain management regulations require that new construction or substantially improved or substantially damaged existing buildings in SFHAs must have their lowest floor (including basement) elevated to or above the Base Flood Elevation (BFE). Non-residential structures can be either elevated or dry-floodproofed using measures that prevent entrance of floodwaters into the structure.

In Coastal High Hazard (V) Zones, new buildings must be elevated on piles and columns. In addition, the bottom of the lowest horizontal structural member of the lowest floor of all new construction, or substantially improved existing buildings, must be elevated to or above the BFE.

**Q: What are “substantially damaged” and the “50 percent rule”?**

**A:** A structure is considered “substantially damaged” when the cost of restoring the structure would equal or exceed 50 percent of the pre-damage market value of the structure.

If the cost to repair the structure to its pre-damaged condition is equal to or greater than 50 percent of that structure's market value before damages, then the structure must be elevated (or floodproofed if it is non-residential) to or above the level of the base flood, and meet other applicable program requirements.

The 50 percent threshold was chosen as a compromise between the extremes of 1) prohibiting all investments in structures in flood hazard areas that do not meet minimum NFIP requirements and 2) allowing structures to be improved in any fashion without regard to the hazard present.

**Q: Who is responsible for determining whether a structure is substantially damaged?**

**A:** Ultimately, the community permit official is responsible for assuring that market value estimates are reasonably accurate and that the cost estimate reasonably reflects actual costs to fully repair the damage. However, the permit official may require that the permit applicant or building owner supply important information such as appraisal information and construction costs estimates. FEMA offers numerous publications and reference materials to help community officials make objective decisions on these matters. These materials provide practical guidance on how to estimate improvement costs and market value, and verify that estimates on permit applications are reasonably accurate.



**Q: Shouldn't FEMA require local communities to exceed NFIP standards?**

**A:** FEMA encourages States and communities to implement floodplain management programs that exceed minimum NFIP requirements. Many communities have voluntarily adopted more restrictive floodplain ordinances based on their knowledge of local flood conditions or their desire to provide a higher level of protection for their citizens. Communities must also comply with State floodplain management regulations that exceed NFIP criteria.

In addition, the NFIP's Community Rating System (CRS) provides an incentive in the form of discounts on flood insurance premiums for communities that exceed NFIP minimum requirements. More than 1,000 communities participate in CRS, representing nearly two-thirds of all NFIP flood insurance policies.

**Q: Are communities required to use the ABFEs developed by FEMA?**

**A:** No. A community participating in the NFIP is not required to use the ABFE. Ordinarily, FEMA provides flood data to communities in accordance with a well-defined regulatory process. This process involves providing preliminary data, affording an appeals procedure, finalizing the data, and providing a six-month period of time for communities to adopt the data into their local ordinances and codes. FEMA cannot require a community to adopt new data unless the community goes through this process. However, remapping generally takes a minimum of two years from the inception of the restudy until new maps become effective. The latest analysis presented in ABFEs is an interim product that communities can use during rebuilding.

**Q: What are the benefits to a community adopting the ABFE?**

**A:** By using the ABFEs, communities can assure that new buildings (and repairs of substantially damaged buildings) are reasonably protected from future flood damage. Hurricane Katrina demonstrated that BFEs and flood boundaries on some current FIRMs did not provide an adequate level of protection for structures.

Although FEMA cannot require communities to adopt the ABFEs, structures built using flood data on the current FIRMs may not be built high enough or have the structural integrity to resist flood forces in future large hurricanes. Using the ABFE will make the community more disaster-resistant.

Another consideration is that flood insurance policies will continue to be rated using the zones and flood elevations on the current effective FIRM. However, because structures built to the ABFEs will be several feet above the BFE on the current FIRM, property owners of those structures will incur substantial savings on flood insurance premiums and be able to take advantage of the lower rates even after a new FIRM becomes effective in the community.

In addition, if a community adopts and enforces the ABFEs, and requires a substantially damaged building to be elevated to that elevation, that building would qualify for Increased Cost of Compliance (ICC) coverage provided that it met the other requirements in the policy. ICC coverage would pay the cost of elevating the building to the ABFE and the adopted freeboard up to \$30,000. Coverage would also be available if the local ordinance applies those elevations to areas that are currently mapped as B, C, or X zones, or applies V zone construction standards to areas currently mapped as A zones.