



DISCUSSION ITEM

ITEM NO. 13.

DATE OF MEETING: October 21, 2013

REQUESTED BY: David Williams, County Commissioner

SHORT TITLE: Resolution Requesting Approval of an Amendment to the Biggert-Waters Flood Insurance Reform Act of 2012

BACKGROUND: The Biggert-Waters Flood Insurance Reform Act took effect on July 1, 2012, after approval by Congress and the President's signature. The Act makes numerous changes in the National Flood Insurance Program that will increase the cost of insurance to offset the high losses incurred by the program. A resolution opposing the implementation of the Biggert-Waters Flood Insurance Reform Act of 2012 was passed by the Town of Wrightsville Beach and sent out to other jurisdictions and representatives in Washington, DC. Mr. Spencer Rogers of NC Sea Grant delivered a presentation to the Board at the September 3, 2013 meeting showing how the new changes come into play. Mr. Bill Sisson, Town of Wrightsville Beach Town Alderman and appointed member from the Town on the TAC (Transportation Advisory Committee), sent out letters to representatives in Washington, DC to back legislation that will at least delay the implementation of the Act until a sound economic impact analysis can be completed. Mr. Sisson has requested the Pender County Board of Commissioners to support a resolution backing this legislation. The item was on the Board's October 7, 2013 agenda as a discussion item and staff was instructed to bring it back in resolution form.

SPECIFIC ACTION REQUESTED: To consider the attached resolution requesting approval of an amendment to the Biggert-Waters Flood Insurance Reform Act of 2012.

COUNTY MANAGER'S RECOMMENDATION

Respectfully recommend approval.


Initial

RESOLUTION

NOW, THEREFORE BE IT RESOLVED by the Pender County Board of Commissioners that:

the attached resolution requesting approval of an amendment to the Biggert-Waters Flood Insurance Reform Act of 2012 is hereby approved. The Chairman/County Manager is authorized to execute any/all documents necessary to implement this resolution.

AMENDMENTS:

MOVED _____ SECONDED _____

APPROVED _____ DENIED _____ UNANIMOUS _____

YEA VOTES: Brown ___ McCoy ___ Tate ___ Ward ___ Williams ___

George R. Brown, Chairman 10/21/13
Date

ATTEST 10/21/13
Date



**RESOLUTION REQUESTING AMENDMENT TO THE
BIGGERT-WATERS FLOOD INSURANCE REFORM ACT OF 2012**

WHEREAS, Congress approved and the President signed into Law the Biggert-Waters Insurance Reform Act of 2012; and

WHEREAS, the following municipalities/county are concerned about the economic ramifications of the Biggert-Waters Flood Insurance Act of 2012 and have adopted the resolution: City of Wilmington, Town of Wrightsville Beach, Town of Carolina Beach, Town of Kure Beach, Brunswick County, Town of Ocean Isle Beach, Town of Oak Island, Town of Holden Beach, Town of Leland, Town of Caswell Beach, Town of Belville, Town of Navassa, Town of Surf City, Town of North Topsail Beach, Town of Topsail Beach, and Town of Sunset Beach; and

WHEREAS, in 1968 Congress passed the National Flood Insurance Act to ensure flood insurance coverage is available on reasonable terms to property owners who have a need for protection; and

WHEREAS, the National Flood Insurance Program (NFIP) provides for an estimated 5.68 million NFIP policies nationwide; and

WHEREAS, under the NFIP, participating communities with structures located in the Special Flood Hazard Areas (Flood Zones A and V); and are backed by federal lender institutions are required to purchase flood insurance policies; and

WHEREAS, the "Act" re-authorizes the National Flood Insurance Program (NFIP) through 2017, but also puts in to place many significant reforms as a result of the high losses incurred by the program in 2005 from Hurricane Katrina and in 2012 from Super Storm Sandy for the program to be financially solvent; and

WHEREAS, these reforms outlined below include dramatic and in many cases immediate changes for structures built Pre-FIRM (Section 205 of the "Act") and structures that were built Post-FIRM (Section 207 of the "Act") as well as lowering the threshold for substantial improvement; and

WHEREAS, the "Act" will implement actuary insurance rates for homeowners, business owners, and prospective buyers upon the sale or purchase of real property or a lapse in insurance coverage after July 1st, 2012; and

WHEREAS, Section 205 of the "Act" removes historical subsidized insurance rates for all non-primary residences and business properties that have been lawfully, constructed prior to

the first Flood Insurance Rate Maps (Pre-Firm) and are now subject to receive "Full Risk Rates" at a rate of 25% a year until the "Full Risk Rate" is achieved; and

WHEREAS, Section 207 of the "Act" removes historical subsidies for any structure (grandfathered or non-subsidized) that is affected by a FIRM designation to a Special Flood Hazard Area and will be subject to receive "Full Risk Rates" at a rate of 20% per year until the "Full Risk Rate" is achieved; and

WHEREAS, the "Act" redefines the term "substantial improvement" discouraging the remodeling, and renovation of existing structures by lowering the threshold for "substantial improvement" from 50% of the value of the structure to 30%; and

WHEREAS, nationwide NOAA data shows that 52% of the U.S. population lives in a coastal water shed county, and over 50% of the U.S. population lives near a river, creek, bay, sound, lake, stream or ocean; and

WHEREAS, the County of Pender Beach is concerned that the dramatic increase in flood insurance premiums will impact the sale, purchase and construction of homes in the Special Flood Hazard Area and will likely result in foreclosures and owners that need coverage choosing to cancel their flood insurance.

NOW, THEREFORE BE IT RESOLVED that the County of Pender, North Carolina urges Congress to amend the Biggert-Waters Act to:

- Provide for a slower rate of increase to flood insurance rates over a greater time period to meet Full Risk Rates.
- Extend the grandfathering provisions for all existing policy holders who have lawfully constructed their homes per the State Building Code and upon transfer.
- Reinstate the substantial improvement threshold at the historical limit of 50% of the value of the structure.
- Address the cost savings that could be incurred through the rate making process by participating NFIP communities that engage in Federal Storm Damage Reduction projects, or have specific State building codes, or enhanced construction standards that would further limit flood loss and decreases the amount of damage community-wide.
- Conduct and independent review of the NFIP proposed actuarial rates; NFIP solvency; and assess the burden that the Biggert-Waters Act of 2102 will impose on policy holders.

This Resolution adopted this 21st day of October, 2013.

ATTEST:

George R. Brown, Chairman

Michael N. Duvall, Clerk to the Board