Realty and Lending Professionals: Know About Changing Flood Risks

Hillsborough County is part of a multi-year process led by the Federal Emergency Management Agency (FEMA) to update coastal flood maps. New coastal flood risk data means a safer, more resilient Hillsborough County.

The coastal flood risks shown on today’s flood maps (known as Flood Insurance Rate Maps, or FIRMs) are based on obsolete data and technology more than 30 years old. The 2007 countywide flood map update did not include an updated analysis of the coastal flood risk and does not reflect new development or changes in shoreline.

As coastal flood risk boundaries change, clients will likely have questions regarding their properties and how they are affected. The changes may also affect businesses, so realty and lending professionals need to stay informed.

Understanding the Effects

While the updated coastal flood maps may not become effective until late 2020 or beyond, knowing when and where map changes are occurring allows real estate and lending professionals to be properly prepared to educate current clients (and prospective borrowers) about the flood risk, what the changes may be, the related insurance requirements, and what insurance options are available. An insurance agent can always provide greater detail about coverage and costs. Knowing this in advance will make for a smoother closing.

Below are the Three General Scenarios Impacting Property Owners in the Coastal Area

Scenario 1: Properties Already Identified to be in a High-Risk Flood Zone

When selling their property, home and business owners should disclose whether a property is or will be newly identified to be in a high-risk flood zone (known as a Special Flood Hazard Area and shown on the flood maps with letters beginning with “A” or “V”). Buildings in high-risk areas are required to carry flood insurance for loans taken through federally regulated or insured lenders. To determine a property’s existing flood risk, the real estate professional can locate the property on Hillsborough County’s current effective flood map. Information about the mapping project and links to view the current effective flood and proposed preliminary maps can be found at HCFLGov.net/FloodMaps.
If a building that was in Zone A and is now identified to be in Zone V, or there is an increase in the area’s Base Flood Elevation (BFE)¹, FEMA’s National Flood Insurance Program (NFIP) has a rating option called “Grandfathering” that will allow the lower risk zone or BFE to be locked in for future rating when the maps become effective. The property owner should talk to their insurance agent for more details.

**Scenario 2: Properties Newly Identified as Being in a High-Risk Flood Zone**

It is crucial for both real estate and lending professionals, as well as property owners, to know if a property is currently in a moderate- or low-risk area (shown on the flood maps as a “B”, “C”, or “X” zone) and will be shown on the new maps in a high-risk flood zone (show as “A” or “V”). Now that the preliminary flood maps are released for public review, real estate and local lending professionals should review them to determine where and when the changes in flood zone designations are occurring and if there will be a change in their clients’ flood risk. Knowing in advance if a property is being newly identified to be in a high-risk flood zone will help avoid possible delays caused when flood insurance is required at closing. If the buyer is aware of these upcoming changes, they can take advantage of the NFIP’s cost-saving options, including the Newly Mapped procedure and “Grandfathering” insurance rules when the maps become effective. Transferring flood insurance policies from current homeowners to new owners at the time of purchase can also keep insurance costs down in some instances.

**Scenario 3: Properties Identified as No Longer Being in a High-Risk Flood Zone**

Some properties’ flood risk will be shown to be less than previously determined and will be identified as having a moderate or low risk (shown on the new maps as an “X” or shaded “X” zone). Although the Federal regulation for the mandatory purchase of insurance may be lifted, it is at the lender’s discretion to continue to require coverage. Property owners should be reminded the risk of flooding is reduced, not removed, in these zones. Lower-cost flood insurance is available through the NFIP’s Preferred Risk Policy. This impending change in zones could be a key selling point, so it is important for real estate professionals to stay informed about these changes.

**Stay Informed**

FEMA and Hillsborough County will hold public open houses for the preliminary maps in April 2019, followed by a 90-day public comment period, which is expected to begin in mid-2019. This time allows residents to have the opportunity to submit technical and/or scientific data to file an official appeal with FEMA regarding their individual property. Unless FEMA receives significant appeals or comments, the coastal flood maps should become effective sometime in mid-2020. A firmer schedule will become available once FEMA formally starts the public comment period.

To learn about the coastal remapping project, visit [HCFLGov.net/FloodMaps](http://HCFLGov.net/FloodMaps).

Visit [FloodSmart.gov](http://FloodSmart.gov) for more information about how to reduce the financial and physical impacts from flooding and the steps to take to ensure that proper insurance coverage is in place.

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¹Base Flood Elevation is the height floodwaters will reach or exceed in a 1-percent annual chance flood