

# Flood Mitigation Workgroup

**4th Workgroup Meeting  
Metro Hall, Room 106  
June 1, 2015**

# Workgroup Members

- Mayor Fischer appointments
  - Tonya Sangester, EMA
  - Jim McKinney, EMA
  - Jim Mims, Metro Planning & Design
- Metro Council appointments
  - Councilwoman Madonna Flood
  - Councilman Dan Johnson
  - Councilwoman Angela Leet
- MSD appointments
  - Joyce Mott, MSD Board Member
  - John Phelps, MSD Board Member
  - Greg Heitzman, Executive Director
  - Angela Akridge, MSD Chief Engineer

# Flood Mitigation Workgroup

- Review Agenda
- Sign in
- Approve Minutes of 5/27/15

# Temporary 6-month Amendment to Flood Ordinance

- New Definition of Substantial Damage to be calculated on a per incident basis, not on a cumulative basis (eliminates 10-year rolling period). 50% damage threshold retained.
- New Definition of Substantial Improvement retains 10-year rolling period for cumulative costs exceeding 50% of market value of structure

# Update on Substantially Damaged Homes

- 81 Permits Issued
- 23 Permits denied through May 27
- 14 Permits eligible for approval as result of amended ordinance
- 9 Permits not eligible since damage exceeds 50% for a single incident

# 14 Homes Eligible for Permit

Dir	Street Name	Suffix		Approval Date	Cost of Improvement	Building Assessment	% Damaged/ Improved	PVA for Property	PVA - Damages
	Catheen	Way			\$42,249.18	\$85,110.00	49.6%	\$98,880	\$56,631
	Delaware	Dr			\$24,194.56	\$61,300.00	39.5%	\$74,000	\$49,805
W	Indian	Trl			\$24,136.01	\$64,990.00	37.1%	\$78,760	\$54,624
W	Indian	Trl			\$19,126.25	\$64,120.00	29.8%	\$77,890	\$58,764
W	Indian	Trl			\$18,241.04	\$100,750.00	18.1%	\$114,520	\$96,279
	Krashey	Way			\$20,463.46	\$81,000.00	25.3%	\$69,541	\$49,078
	Medford	Ln			\$18,561.01	\$62,140.00	29.9%	\$84,140	\$65,579
E	Riverside	Dr			\$57,800.00	\$127,880.00	45.2%	\$196,730	\$138,930
E	Riverside	Dr		5/29/2015	\$32,968.22	\$115,000.00	28.7%	\$193,170	\$160,202
E	Riverside	Dr			\$25,000.00	\$208,690.00	12.0%	\$244,390	\$219,390
W	Riverside	Dr			\$45,812.06	\$129,750.00	35.3%	\$171,750	\$125,938
E	Riverside	Dr			\$27,988.74	\$70,410.00	39.8%	\$136,710	\$108,721
	Whispering Hills	Blvd	*		\$33,514.83	\$87,900.00	38.1%	\$92,500	\$58,985
	Whitlock	St	*		\$52,607.04	\$65,370.00	80.5%	\$92,500	\$39,893
								\$1,725,481	\$1,282,819

# 9 Homes Not Eligible for Permit

				Cost of Improvement	Building Assessment	% Damaged/Improved	PVA for Property	PVA - Damages
+	Catheen	Way		\$34,885.10	\$57,090.00	61.1%	\$70,860	\$35,975
	Catheen	Way		\$30,779.59	\$58,730.00	52.4%	\$72,500	\$41,720
	Catheen	Way		\$46,684.50	\$65,900.00	70.8%	\$82,900	\$36,216
	Delaware	Dr		\$38,999.86	\$54,870.00	71.1%	\$67,870	\$28,870
	Delaware	Dr		\$42,654.25	\$46,900.00	90.9%	\$59,900	\$17,246
	Delaware	Dr		\$34,058.63	\$50,130.00	67.9%	\$63,130	\$29,071
W	Indian	Trl		\$32,255.68	\$55,770.00	57.8%	\$69,540	\$37,284
	Whispering Hills	Blvd	*	\$44,529.56	\$60,660.00	73.4%	\$85,660	\$41,130
	Whispering Hills	Blvd		\$40,048.23	\$72,940.00	54.9%	\$97,940	\$57,892
							\$670,300	\$325,405

# Update on 2015 Presidential Disaster Declaration

- Jim McKinney – Louisville EMA



# Elements of Quick Buy Assistance Program

Brian Bingham – MSD

- Funding Sources
- Eligibility Criteria
- Priority
- Process
- Benefits

# Flood Mitigation Short-term and Long-term Potential Purchase Programs

- Short-term – Quick Buy Assistance Program
  - 2015 Program
  - Substantially damaged or repetitive loss properties with significant 2015 damage and flood insurance
  - Properties with low cost of acquisition
- Long-term – Hazard Mitigation Grant Program
  - Likely 3 to 5 years
  - Pays based on pre-damage value
  - Includes relocation assistance

# Proposed Quick Buy Program Summary

- Pilot Program
- Program will not provide complete relief for every property owner
- Best for substantially damaged or repetitive loss properties with significant 2015 damage and flood insurance or properties with low cost of acquisition

# Proposed Quick Buy Program Summary

- Up to \$100,000 per eligible home meeting criteria
- MSD Funding – up to \$1,000,000
- Louisville Metro / Metro Council – up to \$1,000,000
- FEMA Insurance (varies with home)
- Homeowner Equity and Avoided Flood Insurance
- Increased Cost of Compliance (ICC) Funding
- SBA Loans

# Priority Criteria

## Priority A

1. Damaged by Spring 2015 rains/flood events
2. Meet current "substantial damage" definition
3. Health and Safety (unable to move back into home)
4. Not currently eligible for buyout program funds from President's Emergency Declaration

# Priority Criteria

## Priority B

1. Cumulative damage over past 10 years
2. Percent of home damaged
3. Planned improvements by Metro will not benefit property
4. Level of floodplain above first floor level
5. Others?

# Examples

## \$75,000 Home

### 50% Damage

- Home Value – \$75,000
- Demolition Costs – \$10,000
- Total Amount – \$85,000
- Damage Amount / FEMA Payment – \$37,500
- ICC Amount – \$10,000
- Residual Value – \$37,500

### 70% Damage

- Home Value – \$75,000
- Demolition Costs – \$10,000
- Total Amount – \$85,000
- Damage Amount / FEMA Payment – \$52,500
- ICC Amount – \$10,000
- Residual Value – \$22,500

# Examples

## \$100,000 Home

### 50% Damage

- Home Value – \$100,000
- Demolition Costs – \$15,000
- Total Amount – \$115,000
- Damage Amount / FEMA Payment – \$50,000
- ICC Amount – \$15,000
- Residual Value – \$50,000

### 70% Damage

- Home Value – \$100,000
- Demolition Costs – \$15,000
- Total Amount – \$115,000
- Damage Amount / FEMA Payment – \$70,000
- ICC Amount – \$15,000
- Residual Value – \$30,000



# Examples

## \$150,000 Home

### 50% Damage

- Home Value – \$150,000
- Demolition Costs – \$20,000
- Total Amount – \$170,000
- Damage Amount / FEMA Payment – \$75,000
- ICC Amount – \$20,000
- Residual Value – \$75,000

### 70% Damage

- Home Value – \$150,000
- Demolition Costs – \$20,000
- Total Amount – \$170,000
- Damage Amount / FEMA Payment – \$105,000
- ICC Amount – \$20,000
- Residual Value – \$45,000

# Benefits Discussion

- Voluntary Buyout Program
- Homeowners have option to rebuild with insurance proceeds or use these proceeds to relocate
- Provides immediate help to homeowners who want to move out of floodplain
- Eliminates future risk of home flooding for every home bought
- Utilizes multiple funding sources to address maximum number of homes
- Leverages flood insurance claim payments
- Leverages SBA low interest loans
- Utilizes savings from flood insurance premiums
- Provides a pilot program to test viability for a comprehensive program to remove 10%-20% (1,200-2,400) of homes from the FEMA flood plain
- Opportunity to develop model program for country using a partnership model for funding and approach FEMA for grants

**DRAFT  
FLOOD MITIGATION WORKGROUP  
FINDINGS**

# Flood Mitigation Workgroup Findings

1. On April 3, 2015, Jefferson and surrounding counties that drain into Jefferson County experienced 6 to 8-inches of rain over a 12 hour period, overloading streams, ditches and storm pipes.
2. Prior to April 3, the ground was saturated due to significant snow and rain events in March 2015.
3. The MSD sanitary and storm sewer system has adequate capacity to handle up to a 3" rain over a 24 hour period, under normal ground saturation levels.

# Flood Mitigation Workgroup Findings

4. The April 3, 2015 rain event is the fourth major rain/flood event exceeding 6” in the last six years.
5. Approximately 12,000 structures (homes and businesses) are located within flood prone areas in Jefferson County.
6. Jefferson County is eligible for FEMA flood insurance, and approximately 5,100 homes have insurance policies through FEMA. FEMA flood insurance is required for federally backed home mortgages.

# Flood Mitigation Workgroup Findings

7. Louisville participates in the FEMA Community Rating System (CRS) and currently has a rating classification of level 4, providing a discount of 30% on FEMA flood insurance premiums. This discount provides an estimated \$1.7 million in insurance premium savings annually for Louisville property owners.
8. Under the current Flood Plain Ordinance, FEMA has advised Louisville will move to a Class 3 rating on October 1, 2015 providing an additional 5% discount in flood insurance rates, for a total 35% discount. This rating improvement will save policy holders approximately \$300,000.

# Flood Mitigation Workgroup Findings

9. Louisville Metro adopted amendments to the Flood Plain Ordinance in November 2006 to comply with the National Flood Protection program. The ordinance requires that homeowners get a building permit from Louisville MSD when rebuilding or making home improvements/repairs in the flood plain. When cumulative improvement/repair costs equal or exceed 50% of the property value over a 10 year period, a building permit cannot be granted.
10. The April 3, 2015 rain and flood impacted 1000's homes in Jefferson County. Through May 27, 103 homes have applied for building permits, 80 homes have been granted permits, and 23 homes have reached the 50% limit for costs over a 10 year period. Ten (10) homes have reached the 50% limit with the single April 3, 2015 rain event.

# Flood Mitigation Workgroup

## Findings

11. The modification to the Flood Plain Ordinance, eliminating the 10 year cumulative cost criteria, will lower the CRS rating by approximately 30 points, however, Louisville's CRS rating will still exceed the 3,500, allowing Louisville to move to a Class 3 rating on October 1, 2015.
12. Flood insurance premiums vary significantly, based on the size and value of the home, as well as the experience history. Annual flood insurance premiums may range from \$500 to over \$5,000 a year.
13. FEMA flood insurance premiums have been increasing and will continue to increase in the future. The federal subsidy for flood insurance has been reduced over the last five years, and Homeowners Flood Insurance Affordability Act of 2014 allows FEMA to increase the insurance premiums 18% to 25% over a seven year period.



# Flood Mitigation Workgroup Findings

14. President Obama issued a Declaration of emergency for Kentucky. With this declaration, Jefferson County qualifies for emergency assistance for cleanup costs, temporary housing, and low interest loans through the SBA.
15. Through May 27, 2015 Louisville MSD has received home buyout requests from 45 homeowners that experienced flood damage in the April 3, 2015 or prior events.
16. On May 28, 2015. Louisville Metro Council approved a 6 month temporary amendment to the Flood Plain Ordinance, redefining “substantial damage” to the cost of restoring the structure on a per-incident basis and not on a cumulative 10 year rolling period. be a single. The “substantial improvement” definition will continue to be measured on a 10-year rolling period.

# Flood Mitigation Workgroup Findings

17. As a result of the temporary Ordinance amendment, 14 homes previously denied a building permit, will now be eligible for a permit by MSD. As of June 1, 2015, 9 homes have been classified as “substantially damaged” under the new Ordinance definition, and will not be eligible for a building permit.
18. President Obama’s declared an emergency in response to the April rain/flood event and this will provide an opportunity for eligible counties to apply for federal disaster assistance, including funds for home buyouts.

**DRAFT**

**FLOOD MITIGATION WORKGROUP**

**SHORT-TERM RECOMMENDATIONS**

# Flood Mitigation Workgroup

## Short-term Recommendations

1. Modify the current Flood Plain Ordinance to relax the 10 year cumulative cost criteria in defining substantial damage. (Metro Council adopted temporary amendment on May 28, 2015).
2. MSD develop a “Quick Buy Assistance Program” to offer financial assistance for buy outs of the most significantly damaged homes in the March-April 2015 flooding, using funding from FEMA, MSD, Metro, Small Business Administration, the homeowner, and other available sources.
3. Establish criteria for the Quick Buy Assistance Program, placing the highest priority on homes defined in the Flood Plain Ordinance as “substantially damaged”. In addition, hardship criteria, including Health and Safety can be considered in determining the priority of financial assistance.

# Flood Mitigation Workgroup

## Short-term Recommendations

4. Identify up to \$3.0 million in financial assistance from various sources, including FEMA, Small Business Administration, Louisville MSD, Metro Louisville, and other available sources to purchase up to 20 homes with the most severe damage from the Spring 2015 rain/flood events.
5. Louisville MSD manages the Quick Buy Assistance Program and the Flood Plain Board approves financial assistance based upon the approved criteria and priority.
6. MSD and Metro Louisville pursue all available financial assistance from FEMA and other federal sources for home buyouts and repair costs.

# **PUBLIC COMMENT AND DISCUSSION**