

# DC Flood Task Force | Action Team Meeting: Residential Resilience



## Residential Resilience Action Team Meeting Minutes February 8, 2022 | 2:30 – 4:00 pm Virtual WebEx Meeting

Meeting began at 2:45 pm with the following members, agencies, and support staff in attendance.

### **Attending Voting Members and Support Staff**

Deputy Mayor for Operations and Infrastructure (DMOI)

1. Alan Propp
2. Robert Preston
3. Emily Ruskin

DC Water and Sewer Authority (DC Water)

1. Salil Kharkar
2. Nadine Headley

DC Department of Energy and Environment (DOEE)

1. Meredith Upchurch
2. Nicholas Bonard
3. Josh Schnitzlein
4. Victor Ukpolo
5. Lily Chang

DC Homeland Security and Emergency Management Authority (HSEMA)

1. Vermechia Alsop

DC Office of Planning (OP)

1. Stephen Gyor
2. Imania Price
3. Andree Entezari

DC Office of Risk Management (ORM)

1. Jed Ross
2. Jane Waters

DC Department of Housing and Community Development (DHCD)

1. Richard Livingstone

DC Department of General Services (DGS)

1. Matt Floca

DC Department of Insurance, Securities, and Banking (DISB)

1. Philip Barlow
2. Phillip Edmonds
3. Angela King
4. Patrice Garnette
5. Sharon Shipp

DC Department of Consumer and Regulatory Affairs (DCRA)

1. Christopher Bailey

### **Attending Voting Members and Support Staff**

DC Building Industry Association (DCBIA)

1. Cellerino Bernardino

Metropolitan Washington Council of Governments (MWCOG)

1. Steve Bieber

Washington Gas

1. Manuel Geraldo

#### **Facilitators**

1. Monte Monash
2. Rachel Kendrick

### **2: 46 pm | Welcome and Opening Remarks**

Information was provided on upcoming meetings.

- a. Friday Action Team Meeting 2/11/ 9:30am Coordination Action Team
- b. Residential Resilience Action Team Meeting 3/8/2022 2:30-4pm
- c. Full Flood Task Force Meeting 3/16/2022 2-4pm

### **3: 00 pm | Discussion on National Flood Insurance Program (NFIP)**

Martin Koch provided an overview of the NFIP current landscape and limitations for District residents. NFIP dwelling policies provide \$250,000 building coverage/\$100,000 contents coverage. However, there is limited coverage eligibility in basements. Coverage in the District is currently concentrated in low-risk flood zones. NFIP deductibles can be high (\$1,000 - \$10,000) and claims can take months to pay. Premiums will decrease for 74% of District policyholders due to Risk Rating 2.0 (over 20% of policyholders in Wards 7 and 8 will save >\$100/month), but the average annual premium for homes in the 100-year floodplain is over \$3,000. FEMA Individual Assistance is limited to large floods, which are rare in the District.

Participants shared questions regarding statistics for Wards 7 and 8. These wards contain over 90% of the residential structures in the District that are located in the 100-year floodplain. Only 22% of homes in these wards that intersect the floodplain are used as collateral for a mortgage. Victor confirmed that only homeowners who have federally backed mortgages are subject to the NFIP mandatory purchase requirement. Martin noted that if a landlord purchases an investment property in cash, it is not subject to the MPR; if flooding occurs and the owner lacks the capital to make repairs then the tenant is left without housing.

3:02 PM *Chat from Emily Ruskin to host & presenter: Can you please repeat the statistic from slide 10? You mentioned something about 90% of homes in the floodplain, but I didn't catch the full statement. Thank you!*

3:08 PM *Chat from Victor Ukpolo to everyone: The individual may have a conventional loan*

3:09 PM *Chat from Victor Ukpolo to everyone: FEMA does not require flood insurance for these*

3:09 PM *Chat from Victor Ukpolo to everyone: loan*

### **3: 20 pm | What Isn't Working with Existing Insurance Options**

Salil Kharkar presented on the September 10<sup>th</sup> Flooding and experience with homeowners. Nicholas Bonard mentioned the Potomac Park Levee System. A scenario was mentioned where pipe is identified

that needs to be enlarged – somewhere a decision needs to be made on the costs and tradeoffs. Residential risk would remain even after infrastructure installation – flood insurance is still needed as flood prevention is not possible.

A summary of the experience with homeowners is:

1. Residents without flood insurance
2. Damage to structure and personal property
3. Needed backwater valve
4. Needed Clean up

Phillip Edmonds noted that NFIP claim pay out takes time and can lead to mold. New insurance products will be better as they are more timely. Vermeica Alsop advised that increased canvassing and outreach would be beneficial for quick cleanups and minimized damages. Phillip noted that typically new flood insurance policies take 30 days to become effective

Salil asked if insurance companies have different rates based on assessment methodologies. Martin explained that FEMA sets the premiums rather than insurance companies. He also highlighted that fact that residents can purchase NFIP policies directly from local insurance agents. Philip Barlow asked if FEMA provides coverage for things like sandbags. Martin responded yes, with a limit of \$1,000 per event. He provided a provided list of eligible expenditures from Appendix A of the [Flood Insurance Manual](#).

1. (i) Sandbags, including sand to fill them;  
(ii) Fill for temporary levees;  
(iii) Pumps; and  
(iv) Plastic sheeting and lumber used in connection with these items.  
(v) The value of work, at the Federal minimum wage, that you or a member of your household perform.  
(vi) Expenses to move property to safety.

Salil noted that this info may be helpful to share with homeowners with FEMA approval.

### 3: 30 pm | Open Discussion

Participants addressed the topic of why a lot of people do not have flood insurance. Key factors include:

- Residents not knowing about flood risk
- Flood insurance is too expensive
- Residents thinking they were covered by a homeowner's policy
- Residents thinking that insurance was not necessary because FEMA would step in with disaster relief

3:33 PM Chat from Martin Koch to everyone: 2. Loss Avoidance Measures a. Sandbags, Supplies, and Labor (1) We will pay up to \$1,000 for costs you incur to protect the insured building from a flood or imminent danger of flood, for the following: (a) Your reasonable expenses to buy: (i) Sandbags, including sand to fill them; (ii) Fill for temporary levees; (iii) Pumps; and (iv) Plastic sheeting and lumber used in connection with these items. (b) The value of work, at the Federal minimum wage, that you or a member of your household perform.

3:35 PM Chat from Martin Koch to everyone: b. Property Removed to Safety (1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the described location that contains the property in order to protect it from flood or the imminent danger of flood. Reasonable expenses include the value of work, at the Federal minimum wage, you or a member of your household perform.

Nicholas Bonard noted that many people don't know they are vulnerable.

Nick framed the question as "What is the problem we are trying to solve with insurance?" Sharon Shipp noted that a better approach for coverage would be to tie flood insurance to climate resiliency as opposed to in or out of flood zone. Nick posed the question of "What is the key thing with the community insurance?" Sharon responded that claim response time is not as pivotal. Instead of a community wide vulnerability, we should look at it as a community wide solution.

Cellerino asked if there was there a correlation between the 100-year flood plain and flooding on September 10. Salil responded that no, there was not. Flooding occurred outside as well as inside the SFHA.

### 3: 45 pm | District Captive Outline

Jed Ross delivered a presentation on solutions for Flood Insurance, focusing on a potential District-operated captive insurance company. The District currently provides medical malpractice coverage for two clinics. Legislation changes would be needed to change the scope of this captive to cover flood risk.

Benefits of Flood Captive include:

- Emergency payout
- Automatic renewals via residential property billing
- Assures proper insurance coverage in place
- Encourages good spread of risk

The flood captive would be open to all homeowners in District and would offer reduced premium via assessment as part of real estate taxes. The estimated premium cost is \$300 per unit with proof of adequate risk property insurance in place. A Year 1 goal of 10,000 households would generate \$3,000,000 for the Captive. Assessments would be deposited in the Captive fund permanently only to be withdrawn in a major event. Landlords in flood zones must participate and carry all-risk property coverage equal to replacement costs of dwelling verified against District tax records.

The claims system would provide a \$5,000 emergency payment for households with 1 or 2 people, and \$10,000 for households that exceed 2 people. Captive Insurance (RJO) would be responsible for admin of program and processing of claims. The captive would requires money to start and would pursue the purchase of an annual Reinsurance Policy.

3:50 PM Chat from Stephen Dudek to everyone: For rental properties, while the program requires the owner to purchase on behalf of the renter? And would the monthly price be \$300 per building or unit? Could we see this increase rent and cost of living for low-income households that have limited finances? The \$300 premiums could be passed on to renters as part of rent but hopefully not likely. This would certainly be a concern for affordability.

3:51 PM Chat from Nicholas Bonard to everyone: @Jed - do you think there is a version of this where every resident would automatically be covered, so that we wouldn't have to rely on getting people to sign up?

Phillip asked if participation would be voluntary or enforced. Jed noted that a fee through taxes would be easier than voluntary option. If not enough money spread by flood then it will not be viable unless local dollars pay through a budget decision. Jed noted that ORM already buys flood insurance for all District-owned properties. The captive would be a new program, and number of participants is the most important factor for success.

3:57 PM Chat from Meredith Upchurch to everyone: Number of payees is a key item here. NFIP has ~2000 policies; will 10K voluntary signups be achievable?

3:58 PM Chat from Emily Ruskin to host & presenter: Sorry if this was already covered, but if the homes which flooded in 2020 were not correlated to the FEMA flood plains, how will we know how many participants we would need to sufficiently fund the captive program?

Cell asked if changes in precipitation and sea level rise will be tracked. Nick responded that a variable with sea level rise will be added into the Integrated Flood Model (i.e. 4 feet of sea level rise by 2100). The model will estimate the climate-informed 1% annual-chance flood anywhere in the city from any source of flooding.

## 4:05 pm | Agenda for Next Meeting

Monte added an agenda item for risk transfer to another meeting.

Nick proposed topics of:

- What would be useful?
- Next steps (i.e. Wharton School collaboration, Risk transfer, catastrophe bonds, etc.)
- How do we continue the conversation?

Jed noted that carriers in marketplace need to make decisions and that the work should be informed by experts in the field.

Monte noted that the next meeting should be 2 hours as opposed to 90 minutes. Next up is public listening sessions. "Homework" topics include providing feedback on the conversation and assigning agencies to work on action plans. Meredith noted that a report-out on next steps should include further development of insurance needs and Action ideas and categorizations.

4:08 PM Chat from Emily Ruskin to host & presenter: What would be a reasonable projected timeline for the regulatory/legislative process that would be required to stand up something like a Captive program? 1 year? 3 years? 5 years?

4:09 PM Chat from Joshua Schnitzlein to host (privately): Would a FEMA grant-funded project be a good application to support this effort as a next step for? Would we hire the carriers to develop the implementation plan?

4:11 PM Chat from Jane Waters to host (privately): Agree we need far more info, plus the ORM team is regularly in the marketplace and has significant carrier experience.

Closing conversations focused on the Flood Resilience Amendment Act (B24-410). It allows DOEE to enforce regulation beyond federal designation of 100-year floodplain and allows DOEE to require flood insurance through rulemaking as condition of occupancy for new or substantially improved buildings in the regulated floodplain. Jed noted that a captive would need its own legislation and regs would follow after that. Nick asked for feedback regarding a potential request to Council for a parallel amendment to authorize the captive.

**Meeting ended at 4:12 pm.**