

## **FEMA Community Rating System: A Cost-Benefit Analysis for New York State Communities**

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#### **I. Abstract**

The National Flood Insurance Program (NFIP)'s Community Rating System (CRS) is a voluntary incentive program that provides enrollees with discounted flood insurance premium rates. Enrollment levels in the Community Rating System are low in New York State (NYS). As part of the Hudson Estuary Watershed Resiliency Project, staff interviewed several communities in NYS to learn from their experience with the CRS. This paper addresses barriers and challenges to enrolling in the CRS and provides suggestions to improve CRS participant numbers for NYS municipalities, as well as cost-benefit metrics for when enrolling in the CRS is beneficial for communities.

#### **II. Overview**

The National Flood Insurance Program's Community Rating System is an incentive program with goals of reducing flood damage to insurable property; reinforcing the insurance components of the NFIP; and promoting a comprehensive approach to floodplain management. The CRS is a voluntary program that communities can join to receive discounted flood insurance premium rates commensurate with the level and scope of floodplain actions undertaken within a municipality. Out of more than 1,000 municipalities in New York State, there are currently only 22 enrolled in the CRS<sup>1</sup>. For a map of CRS eligible municipalities in New York State, see Appendix A.

Staff of the Hudson Estuary Watershed Resiliency Project, an educational initiative addressing the challenges of flooding and climate change, conducted interviews with local officials in counties and

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<sup>1</sup> [https://www.fema.gov/media-library-data/1408050845935-ee33e56e81c3aa3f26e569ff6b248fa7/19\\_crs\\_508\\_oct2014.pdf](https://www.fema.gov/media-library-data/1408050845935-ee33e56e81c3aa3f26e569ff6b248fa7/19_crs_508_oct2014.pdf)

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communities in New York State either already enrolled in or in the process of enrolling in the CRS<sup>2</sup>. This report summarizes the interviews and their findings on the process, benefits and challenges to joining the CRS. The report also provides recommendations to strengthen the CRS Program and maintain active membership of municipalities.

Personnel in each community were contacted via phone and/or e-mail and asked the same set of questions. For full transcripts of the interviews, visit Cornell Box<sup>3</sup>. The municipalities and respective personnel interviewed were<sup>4</sup>:

- Frank Balbi, Engineer and Floodplain Administrator, Village of Scarsdale, Westchester County (2/25/2015)
  - CRS Status: Village of Scarsdale, Current, Class 8
- Mike Benincasa, Building Inspector and Floodplain Administrator, Southampton, Suffolk County (3/2/2015)
  - CRS Status: Town and Village of Southampton, Rescinded, Class 10
- Tad Moss, Zoning Administrator and Floodplain Administrator, Town of Hyde Park, Dutchess County.
  - CRS Status: Town of Hyde Park, in process of submitting application materials to join.
- Patrick Davis, Building Inspector, Zoning Administrator, Floodplain Administrator, CRS Coordinator, Town of Middletown (also CRS Coordinator for Villages of Fleishmanns and Margaretville), Delaware County.
  - CRS Status: Town of Middletown (Class 7) and Villages of Fleishmanns (Class 9) and Margaretville (Class 8), Anticipated official entry May, 2015
- Janet Thigpen, CFM, Southern Tier Central Regional Planning and Development Board Flood Mitigation Specialist, Chemung and Steuben Counties (11/17/2014).
  - Chemung County CRS Status: Town of Ashland, Current, Class 9; Town of Big Flats, Current, Class 8; Town of Catlin, Rescinded, Class 10; Town of Chemung, Current, Class 9; City of Elmira, Current, Class 8; Town of Elmira, Current, Class 9; Town of Horseheads, Current, Class 9; Village of Horseheads, Current, Class 9; Town of Southport, Current, Class 9; Town of Veteran, Rescinded, Class 10; Village of Wellsburg, Current, Class 9.
  - Steuben County CRS Status: City of Corning, Current, Class 9; Town of Erwin, Current, Class 8; Town of Hornellsville, Rescinded, Class 10; Town of Pulteney, Rescinded, Class 10.
- Lilian Bruno, Schoharie County Planning Department, Schoharie County (10/27/2014).
  - CRS Status: Town of Esperance, Current, Class 9

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<sup>2</sup> [www.hudsonestuaryresilience.net](http://www.hudsonestuaryresilience.net)

<sup>3</sup> [https://app.box.com/files/0/f/3317425850/CRS\\_Interviews](https://app.box.com/files/0/f/3317425850/CRS_Interviews)

<sup>4</sup> CRS status information current as of October 1, 2014

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## **III. Benefits**

The primary reason each municipality joined, or began the process of joining, the CRS was to reduce flood insurance premiums. A secondary reason for many of the communities' enrollment in the CRS was to encourage implementation of flood adaptation measures within the community to address and mitigate flooding vulnerabilities.

All of the communities interviewed that are currently active in the CRS receive at least the minimum reduction in flood insurance premiums of 5% (Class 9). While the reduction in flood insurance premiums was the primary motivator for communities to enroll in the CRS (or to begin the process, in the case of the Town of Hyde Park), many communities identified additional unanticipated benefits. One of these additional benefits to joining the CRS was the necessity of continued documentation and record-keeping, including maintaining accurate elevation certificates. As many of the CRS actions focus on accurate documentation, this can provide a foundation for earning more points by building on current documentation efforts. Another common unanticipated benefit of the CRS is the encouragement to be aware of current floodplain management activities and as influence for communities to increase implementation of these local flood adaptation and mitigation activities. Additionally, the Town of Middletown and Villages of Fleishmanns and Margaretville said it might have placed them on a higher priority list when applying for competitive grants. The Village of Scarsdale also listed keeping the repetitive loss properties mapped out as helpful for when property owners come to the municipality with a repetitive loss, as the municipality can identify trends and the potential need to help these property owners with capitol monies for improvements to reduce future losses. Lastly, enrolling in the CRS provided the benefit of demonstrating to citizens that the government is doing something and allows municipal governments to provide relief to property owners.

One benefit that was not explicitly stated was the cost savings that would result from a reduction in long term damages caused by flooding. This was surprising, as the overall savings from reducing long term damages within a municipality would most likely be greater than the combined annual savings on flood insurance premiums that municipality receives from the CRS.

Overall, every municipality interviewed, except Southampton, would recommend the CRS to other communities, and thought that enrolling in the program was worth the effort. However, every community interviewed listed challenges in the application and maintenance of status in the CRS.

## **IV. Challenges**

Municipalities identified challenges to enrolling in the CRS, which while not preventative for the communities, did present significant hurdles to enrolling in and maintaining active status in the program.

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- Paperwork and documentation: One of the most common challenges identified by communities is the amount of required paperwork and documentation, which takes communities significant time to compile. The process of making sure that all of the prerequisites for each activity are met through documentation is a struggle for many communities. For example, one community mentioned that the highway personnel check roads for draining, but are unlikely to keep records, which means the community does not receive points. Also, one municipality's regional CFM wrote a drainage plan for the municipality, but did not keep up with the records, so the municipality lost CRS points. The Quick Check tool, which assists communities in documenting current activities to estimate possible points received, was described by one community's CRS coordinator as "daunting", beyond their ability to "fit it into the work day," and that without their Town Board members' support and assistance in filling out paperwork and requesting specific information, the process would not be happening.
- Lack of staff capacity: A lack of staff capacity makes completing the amount of record keeping required to maintain current status in the CRS challenging. In the communities interviewed, the floodplain administrator is designated as the CRS Coordinator. However, the CRS coordinator also has the responsibility of being the zoning administrator and/or code enforcement officer, in addition to being floodplain administrator. For example, the community of Southampton initially had a staff person to spend the time filling out required forms and compiling records. When that person retired, no one was able to fill their place as they were short staffed. In the absence of a person to cover the work necessary to maintain active status in CRS, Southampton's status was rescinded. Southampton was the only interviewee to not recommend participating in the CRS - unless the community has the capacity and staff person(s) to fulfill the workload. Esperance agreed, reiterating that a community should be prepared and possess the staff capacity necessary to complete the work before participating in CRS. The Town of Hyde Park also has staff capacity issues. Hyde Park submitted their application to join the CRS, but it has been returned with questions that have not been addressed due to lack of staff time.
- The size of the community (and number of flood insurance policies): The CRS can be confusing and difficult for smaller communities to manage, as they typically have limited staff. Communities interviewed cited that municipalities with a population of less than 5,000 – 10,000 probably would not have the capacity to join the CRS and that it may not be worth the effort. Furthermore, if a community has a low number of flood insurance policies, it is most likely not worth the effort either (Janet Thigpen recommended at least 100 policies in a community in order to make it worthwhile).
- Income level of community and use of homes in floodplain: In Southampton most of the homes in the floodplain are summer homes for wealthier residents and the savings they received were not motivational enough for the community to continue the work necessary to remain active in CRS (the community received an average of \$20 savings on premiums for homeowners). In their case, the work outweighed the savings.
- Inconsistency of points awarded: Communities may not get points that they should be awarded for a number of reasons – and these reasons can be difficult for communities to understand. In Chemung and Steuben Counties, the CFM maintains a public information website, to which municipalities can link. However, inconsistent points were assigned by the ISO for linking to the same website, specifically one town was awarded several points more than another.

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Communities reported facing inconsistencies in the points awarded according to the CRS Manual. Most communities think the CRS Manual is a good blueprint for floodplain management. However, sometimes communities complete all/several of the actions in the manual, but get awarded very few points.

- Interactions with FEMA: Some municipalities reported difficulties interacting with FEMA, such as receiving feedback on annual reporting. Communities faced difficulties in understanding why they lost points or were not awarded points after submitting annual reports.
- Time-frame: For many communities, especially those with limited capacity, it can take several years to enroll in the CRS. For example, the Town of Middletown and Villages of Fleishmanns and Margaretville, enrolling at the same time through the assistance of the Middletown Floodplain Administrator, took five years to complete the process. (Note: Hurricane Irene and Tropical Storm Lee halted progress for one year).
- CRS Manual: Municipalities reported finding the new CRS Manual confusing. Also, the community of Southampton (status - rescinded) did not feel the CRS benefits were worth the effort to participate, because several of the CRS recommendations were not in the municipality's building codes, so those actions could not be implemented. As the majority of the community's homes in the floodplain are summer homes for higher-income residents, the community is not willing to change Southampton's building codes to fit with the CRS requirements as the work outweighs the financial benefit. Based on their current situation with the building codes, the community cannot move past the 5% reduction. Maintaining CRS Class: Municipalities explained that it is a struggle to remain even at a Class 9 (the majority of communities interviewed are at a Class 9, with four at a Class 8). Municipal representatives expressed that the flood management guidelines found in the CRS manual are very helpful, but complying with the guidelines is difficult, in part because the awarding of points can be inconsistent. Municipal representatives expressed frustration that they had complied with the guidelines, yet received relatively few points for their activities. Additionally, the in-person visits that occur every five to seven years (dependent upon a community's number of insurance policies) presented a significant challenge to communities in maintaining CRS Class. As part of the visit, communities have to provide paperwork and documentation again and the community's points are re-figured. Depending on a community's capacity to prepare for this visit and complete the required paperwork and documentation, it can result in a community losing their current Class.

## **V. Recommendations**

Based on the challenges identified above and suggestions from interviewees, these are some recommendations for ways to increase enrollment in CRS in NYS, as well as to improve the overall effectiveness of the program.

- Provide an easily accessible list of local CRS coordinators for CRS communities in NYS: Communities in the CRS often have similar challenges in joining and maintaining CRS status. CRS staff should make available a list with the contact information for all of the CRS coordinators for

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the municipalities in the state that are enrolled in the program. This would allow CRS coordinators to have access to a network of local CRS officials who can provide and share resources, challenges and solutions for communities, including those in the process of applying to join.

- Encourage municipalities to join NYS CRS Users Group: CRS Users Groups are informal organizations that meet regularly and provide networking and information sharing opportunities for municipalities. User Groups also organize trainings, sponsor webinars, cooperate on joint ventures and outreach projects, share how activities are done in their communities – including available resources, and discuss common concerns. Municipalities, especially those struggling to remain in the CRS and/or with limited capacity, should join the New York State CRS Users Group and/or any local CRS Users Group to take advantage of these resources. Additionally, any municipality considering joining the CRS should connect with a CRS Users Group to determine if the CRS is a good fit for the municipality.
- Create a Hudson Valley Users Group: Certain regions in NYS have a local CRS Users Group, in addition to the statewide NY Users Group (for example, Long Island and Western NY). As more municipalities in the Hudson Valley are looking into joining the CRS, it would be advantageous to establish a local group with resources specific to the Hudson Valley.
- Encourage creation of NYS CRS Users Group website: While a CRS Users Group exists in NYS, the Group does not possess a website, unlike CRS Users Groups in other states. The creation of a website for the NYS Users Group would allow members to access resources from other communities and localized CRS Users Groups, find out about upcoming trainings, and to share resources and experiences of their own. A website would also provide networking opportunities, as well as a means for posting meeting dates, agendas and minutes for those unable to attend User Group meetings.
- Promote assistance to CRS municipalities from County agencies: If communities are looking to join the CRS, involving County partners can provide valuable resources, especially for those communities that are understaffed. Most of the municipalities interviewed received support, resources and input from County level agencies.

In the case of the Town of Esperance, the county initiated the process of joining the CRS. The County reached out to the Regional Floodplain Management Coordinator who suggested that the County work with Esperance, as they were in compliance with the NFIP. The County then communicated with the Town Supervisor and Floodplain Administrator, and led the effort to complete the Checklist, with assistance from the town. County Planning also helped considerably to get elevation certificates organized, set up log books for calls, organize a data management system, put together re-certification packages (with copies of log and floodplain permits), and set up a website with emergency response information, hazard mitigation, etc. that the town can just link to for compliance. County Planning also places FEMA publications in libraries and created a brochure specific for Esperance. While the County has provided significant support to Esperance, if more municipalities were participating and needed the level of help that Esperance is receiving, the County would need more resources to sustain the workload.

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In another case, the local flood warning group (covering three counties – Chemung, Steuben, Schuyler) and local emergency managers encouraged and made a big push to get the eleven municipalities in Chemung and Steuben Counties to join the CRS. Those municipalities continue to receive assistance at the County level – for example, Towns in Chemung County had their map information done by the County.

Having a staff person(s) or coordinator at the County level with the required training to assist communities could help to reduce the burden of record-keeping, paperwork and annual reporting for understaffed municipalities with limited resources.

- Increase transparency in awarding of CRS points: In order to ensure communities are receiving consistent points from ISO (Insurance Service Office) Specialists, there should be increased transparency of the points-awarding process from FEMA. Similarly, the accessibility of feedback on annual reporting should be improved. If municipalities more easily understand why they are awarded a certain amount of points from ISO Specialists, it would help prevent municipalities from inadvertently losing enough points to lower their Class or remove them from the CRS.
- Promote collaboration across departments within the municipality: While each CRS community has a Coordinator that is in charge of complying with NFIP and CRS requirements, it is helpful to involve other departments within a municipality in the compliance process. Support from other departments in fulfilling CRS requirements is especially beneficial for communities where the CRS Coordinator shares one or more roles within the community. For example, in one community, assistance was received from engineering, public works and building departments within the municipality. While the Floodplain Manager is responsible for the activities and documentation for the program, dedicated staff from engineering, building and public works departments provide critical assistance, with engineering playing the largest role. In the Town of Hyde Park, the initiative to join the CRS came from Town Board members. Tad Moss, the Zoning Administrator, has been working on completing the required tasks for enrollment, but has relied on the help of Town Board members and Cornell Cooperative Extension Dutchess County in providing a step by step focus and data assistance to complete the application and pre-requisites. Furthermore, Patrick Davis relied on assistance and information from the department of public works, highway personnel, emergency managers and planning departments when completing the application for Middletown, Fleischmanns and Margaretville. County Planning and Soil and Water Conservation District staff attended CFM and CRS trainings with Patrick. He also recommended involving the building instructor/code officer, as they are doing the enforcing, their authority comes from the state, and they have knowledge of state and local laws that apply.
- Encourage communities to utilize the “What If”<sup>5</sup> table: The “What If” table is a cost-benefit analysis tool included in the National Flood Insurance Program Community Rating System Coordinator’s Manual. The tool assists communities in identifying which actions make sense for communities to undertake by providing solid numbers in terms of the community’s capacity and accessible resources. The table allows communities to compare current and potential dollar

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<sup>5</sup> [http://www.fema.gov/media-library-data/1406897194816-fc66ac50a3af94634751342cb35666cd/FIA-15\\_NFIP-Coordiators-Manual\\_2014.pdf](http://www.fema.gov/media-library-data/1406897194816-fc66ac50a3af94634751342cb35666cd/FIA-15_NFIP-Coordiators-Manual_2014.pdf)

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savings on flood insurance premiums for the different CRS classes. If a community lacks the resources to complete the “What If” scenario table on their own, they should reach out to their local floodplain management coordinator, who can create a customized table specific to that community.

- Increase capacity of NYSDEC to provide Community Assistance Visits (CAV) and Support to CRS Communities: A CAV<sup>6</sup> is an arranged visit that provides an assessment of a community’s understanding of NFIP floodplain management requirements and its floodplain management program. The goal of a CAV is to help a community resolve any violations to NFIP requirements. The Towns of Esperance and Middletown and Villages of Fleishmanns and Margaretville all received assistance from the NYSDEC to join the CRS. In Middletown, Fleishmanns and Margaretville, the DEC provided more than one CAV (2-3). While, communities do not have to do more than one CAV, extra CAVs can earn the community more points. As long as a community can put in a good effort on the checklist and reach at least a “Class 9”, it will trigger a CAV and the community will be able to receive help from the DEC in reaching certification. However, many communities need help in completing the Checklist to ensure they are compliant with the NFIP before they can join the CRS and reach Class 9. With greater capacity at the DEC to provide increased CAVs, communities struggling to complete the CRS pre-requisites and those in violation of the NFIP could receive useful assistance to expedite the CRS enrollment process and to remediate violations.  
Encourage CRS coordinators to attend trainings: There are several trainings offered to current CRS communities, and those interested in joining, including regular webinars and other trainings offered by CRS Users Groups. CRS Coordinators should attend trainings to increase their knowledge on the different aspects of the CRS and the resources that are available to municipalities. One CRS Coordinator also suggested that municipalities’ CRS Coordinators become certified floodplain administrators (CFM). This would enhance communities’ knowledge of the FEMA NFIP regulations, floodplain mapping and flood hazard mitigation.

## **VI. Conclusion**

Overall, despite the challenges to joining and maintaining status in the CRS, the program is beneficial to communities, specifically those with high numbers of flood insurance policies. For most of the communities in NYS enrolled in the CRS, flooding is a major problem. Often these communities were developed long enough ago and in places that they cannot be relocated. Not to mention many of them are in great need of economic development.

The Community Rating System is a good motivator for these municipalities to implement improved flood management efforts and increase awareness of local flooding and flood mitigation resources. The program can also provide a foundation of documentation for implementing more flood adaptation and mitigation activities in order to earn more points. In addition, it helps keep money in the community through the reduction in flood insurance premiums. For example, the Town of Middletown and Villages

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<sup>6</sup> [http://www.fema.gov/media-library-data/20130726-1812-25045-9789/fema\\_f776\\_cacs\\_cavs\\_web\\_final\\_apr2011.pdf](http://www.fema.gov/media-library-data/20130726-1812-25045-9789/fema_f776_cacs_cavs_web_final_apr2011.pdf)  
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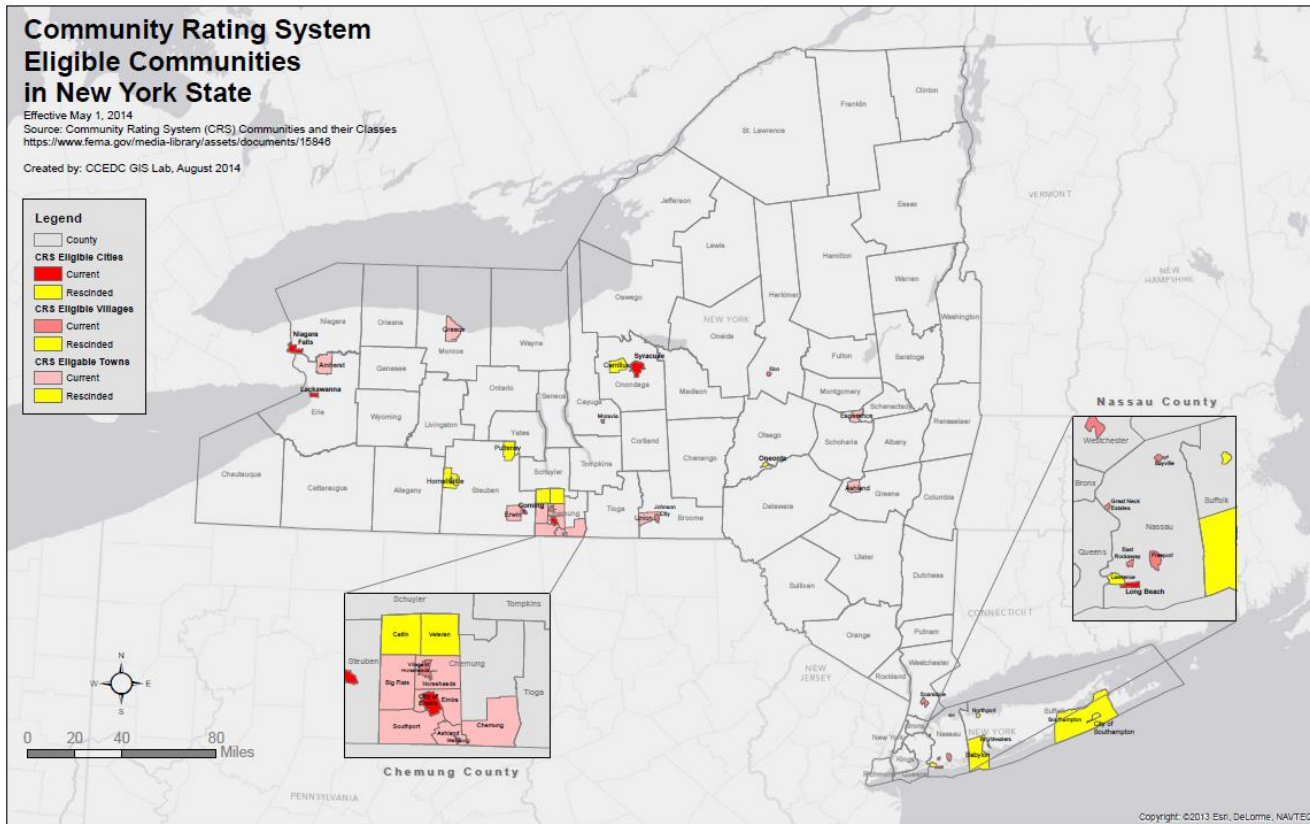
of Fleishmanns and Margaretville will receive an estimated annual \$21,000 savings in insurance premiums across the three communities – substantial savings for these communities.

Additionally, there are municipalities that are no longer in the CRS, but are still benefitting from the program's motivation for improved local flood management activities, as in the case of Southampton. Southampton's status was rescinded in 2013. However, the community continues to conduct the adopted practices they did when participating in the CRS, but without the paperwork. In this case, the CRS provided impetus for the community to continue to implement floodplain management best practices, but without the benefits received as a member of the CRS.

While some regions have a high number of municipalities enrolled in the CRS (e.g. Chemung and Steuben counties combined have eleven municipalities participating in the CRS), New York overall has a low participation in the CRS. A contributing factor to the low membership of New York municipalities in the CRS is the fact that counties in New York cannot enroll a municipality in the CRS because they lack land use authority. By addressing the challenges above and implementing many of the recommendations listed, more municipalities in New York State can be encouraged to enroll in the Community Rating System.

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## VII. Appendix A



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