

Using Insurance Benefits to Relocate to a Safer Lot

Terrebonne Parish residents are no strangers to flooding, or reducing their flood risk. Over 1,000 structures have been elevated to reduce the risk of flooding again. The Planning Department used FEMA funds to demolish ~650 storm damaged structures after hurricanes Gustav and Ike. About 160 structures have been bought out by government programs.

Residents may not know that property owners may be able to relocate a structure in or out of the floodplain with their private insurance benefits. This may be an opportunity to relocate a structure rather than elevating a house 8-14 feet from the ground or it being demolished.

If a structure is substantially damaged, within two years of the last claim, a flood insurance policy holder may be able to get \$30,000 to relocate the structure somewhere on the same property or to another property as long as the risk is significantly reduced. At this time, the \$30,000 can't be used to purchase the new land, but it can be used for:

- Engineering fees, Permits,
- Preparing the moving route,
- Clearing vegetation for the installation of lifting support,
- Disconnection and reconnection of utilities
- Clearing of the abandoned insured structure foundation and grading,
- The new foundation and utility connections, and more!

The insured structure is relocated and the land is not sold or restricted.

A structure that has been substantially damaged (over 50% of the value paid in flood claims) is out of compliance with the NFIP regulations, which the Parish is required to adopt in order for the Parish to be eligible to purchase flood insurance. A noncompliant structure is required to be elevated, relocated, or demolished to get back into compliance. The Standard Flood Insurance Policy has a rider called "ICC," or Increased Cost of Compliance benefits to help any policy holder get back into compliance. This insurance policy benefit is worth up to \$30,000.



Photo by Dreamstime/Larry Jordan

At this time, 20 structures are considered *Severe Repetitive Losses* due to either being damaged more than 100% of the fair market value (FMV) by 2 flood claims, or flooding at least 4 times for \$5,000 in damages or more. As many as 127 structures are designated by the FEMA National Flood Insurance Program (NFIP) as *Repetitive Losses*. These structures have flooded at least twice with the average of each flood being 25% of the FMV. Each of these FEMA NFIP designations means that the structures are also *Substantially Damaged* and out of compliance. These structures are the targets of an ongoing grant application that may pay 90-100% for elevation, reconstruction, or relocation of a structure. Under the grant the original land, unlike with ICC, must be sold to the Parish and designated as open space use.