

RESOLUTION 2013-17

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF ST. PETE BEACH, FLORIDA, OPPOSING AND URGING AMENDMENT TO THE BIGGERT WATERS FLOOD INSURANCE REFORM ACT OF 2012

WHEREAS, the Real Estate Economy is a crucial part of the entire Local, State and Federal Economy and its fragile Recovery and is one of the major economic drivers of tourism and quality of life throughout the City of St. Pete Beach as well as in the entire State of Florida and this United States of America; and

WHEREAS, said impacted Real Estate Economy reaches into every aspect of business success since this act affects every business owner's ability to run a successful business due to the age of many commercial buildings. An owner who wanted to sell his/her building will find that a new owner is now being forced to pay many thousands of dollars more for flood insurance, thereby changing the value proposition and the very salability of the business operation. Business owners who may face lease increases to cover the new flood insurance rate will now find the profitability diminished, perhaps below viability.

WHEREAS, Congress passed the National Flood Insurance Act of 1968 specifically to ensure flood insurance coverage is available on reasonable terms and conditions to citizens who have a need for such protections; and

WHEREAS, The National Flood Insurance Program (NFIP) plays a critical role in the location, placement and construction of homes and structures within a community and provides for an estimated 5.68 million NFIP policies nationwide; and

WHEREAS, under the NFIP, participating communities with structures located and built in the Special Flood Hazard Areas (Flood Zones A and V) and backed by federal lender institutions are required to purchase mandatory flood insurance policies; and

WHEREAS, on July 6, 2012 the President signed into law the Surface Transportation Bill (H.R. 4348), which included the Biggert-Waters Flood Insurance Reform Act (BW-12); and

WHEREAS, the "Act" (BW-12) re-authorizes the National Flood Insurance Program (NFIP) through 2017, but also puts into place many significant reforms as a result of the high losses incurred by the program in 2005 from Hurricane Katrina and in 2012 from Super Storm Sandy for the program to be financially solvent; and

WHEREAS, these reforms outlined below include dramatic and, in many cases, immediate changes for structures built Pre-Firm (Section 205 of the "Act"), and structures that were built Post-Firm (Section 207 of the "Act"), as well as lowering the threshold for what is deemed to be a substantial improvement; and

WHEREAS, the "Act" will implement actuary insurance rates for homeowners, business owners, and prospective buyers upon the sale or purchase of real property or a lapse in insurance coverage after July 6, 2012; and

WHEREAS, Section 205 of the "Act" removes historical subsidized insurance rates for all non-primary residences and business properties that have been lawfully constructed prior to the first Flood Insurance Rate Maps (Pre-Firm) and are now subject to receive "Full Risk Rates" at a rate of 25% a year until the "Full Risk Rate" is achieved; and

WHEREAS, Section 207 of the “Act” removes historical subsidies for any structure (grandfathered or non-subsidized) that is affected by a FIRM designation to a Special Flood Hazard Area and will be subject to receive “Full Risk Rates” at a rate of 20% per year until the “Full Risk Rate” is achieved; and

WHEREAS, the “Act” redefines the term “substantial improvement” discouraging the remodeling and renovation of existing structures by lowering the threshold for “substantial improvement” from 50% of the value of the structure to 30%; and

WHEREAS, nationwide NOAA data shows that 52% of the U.S. population lives in a coastal water shed county and over 50% of the U.S. population lives near a river, creek, bay, sound, lake, stream or ocean and such percentages are obviously much higher in Florida, in Pinellas County and in the City of St. Pete Beach; and

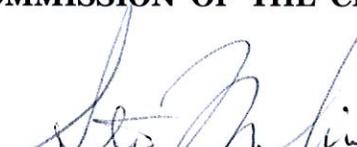
WHEREAS, the City of St. Pete Beach elected Commission is extremely concerned that the “Act” will financially impact home and business owners, devalue properties, discourage construction, hinder real estate sale transactions, severely threaten the existence of the Pass-a-Grille National Historic District, and may result in foreclosures to owners who have lawfully constructed their homes and businesses as allowed by the NFIP within flood plains and the State's building code.

NOW, THEREFORE, BE IT RESOLVED, that the St. Pete Beach Commission urges Congress to amend the Biggert-Waters Reform Act to provide for a slower rate of increase to flood insurance rates over a greater time period to meet Full Risk Rates, extend the grandfathering provisions for all existing policy holders who have lawfully constructed their homes per the State Building Code and upon transfer, reinstate the substantial improvement threshold at the historical limit of 50% of the value of the structure, and address the cost savings that could be incurred through the rate making processes by participating NFIP communities that engage in Federal Storm Damage Reduction projects, or have specific State building codes, or enhanced construction standards that would further limit flood loss and decreases the amount of damage community-wide.

BE IT FURTHER RESOLVED that the St. Pete Beach Commission urges Congress to direct an independent examination to review the National Flood Insurance Program’s (NFIP) proposed actuarial rates and solvency, and assess the burden that the Biggert-Waters Act of 2012 will impose on policy holders.

BE IT FINALLY RESOLVED, that the St. Pete Beach Commission urges Congress to develop more reasonable and rational methods to NFIP solvency that will not damage the economy or its fragile recovery.

PASSED AND ADOPTED BY THE CITY COMMISSION OF THE CITY OF ST. PETE BEACH, FLORIDA, this 27th DAY OF August 2013.



Steve McFarlin, Mayor

ATTEST:



Rebecca C. Haynes, City Clerk