

Flood Zone Correction

Case Study

The Challenge

A large real estate asset management and advisory company with 16 multifamily properties in its portfolio that standard flood zone determinations indicated to be within FEMA-designated Special Flood Hazard Areas (SFHA), which include flood zones beginning with letters A or V.

Number of SFHA Properties: 16
Cost of Annual Premiums: \$136,045

The Solution

We performed a thorough flood risk analysis on 13 of these properties and found that 11 properties were not at high risk of flooding during catastrophic rainstorms. Therefore, these 11 properties had been wrongly included in the SFHA. We worked with FEMA to successfully remove the 11 properties from the high-risk flood zone and to reclassify them into a low-risk flood zone, where they should have been in the first place. This successful reclassification of 11 apartment complexes increased property values by \$1,500,000 (based on the application of a 7% capitalization rate to the amount of savings) and eliminated \$103,000 in premium costs.

The Savings

Properties Removed: 11 (out of 16)
Premiums Eliminated: \$103,309

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