



First Street Foundation Finds Over 4 Million Homes Face Annual Financial Losses From Flooding That Are 4.5 Times The Cost Of Their Estimated National Flood Insurance Premiums Today And Increase To 7.2 Times over the next 30 years.

FOR IMMEDIATE RELEASE

Brooklyn (NY) – (February 22, 2021) – [New research](#) from First Street Foundation quantifies the financial impacts of flood risk carried by American homeowners, and how those impacts are growing as flood risks worsen due to a rapidly changing climate. First Street Foundation found that there are nearly 4.3 million residential homes (1-4 units) across the country with substantial flood risk that would result in financial loss. Furthermore, the research demonstrates that if all of these homes were to be insured against flood risk through the National Flood Insurance Program (NFIP), the rates would need to increase 4.5 times to cover the risk today. The Foundation’s analysis was conducted in part with home value data acquired from [ComeHome](#) by [HouseCanary](#).

The research allows First Street Foundation to calculate average annual loss (AAL) statistics for each residential property in the contiguous United States, which is the dollar value of damage associated with flood risk each year. The Foundation finds that while the total expected annual loss for properties noted above is \$20 billion this year, it grows to nearly \$32.2 billion a year in 30 years – an increase of 61% – due to the impact of a changing climate. These estimates suggest the NFIP, which has lost over \$36 billion since its inception, will face growing losses in the years ahead without reform.

“Quantifying flood risk in economic terms creates a new context for homeowners to understand their risk, and for buyers to consider when evaluating a property,” said Matthew Eby, Founder and Executive Director of First Street Foundation. “Flood risk brings with it real and potentially devastating financial impacts that aren’t being priced into the market. We’re providing key insights into how flooding can impact the financial bottom line of property owners along with solutions that can protect their largest investment.”

FEMA is working to better price flood risk at the individual property level to more accurately reflect the risk of today’s climate through the forthcoming “[Risk Rating 2.0](#)” initiative, which will set new premiums for properties both inside and outside of Special Flood Hazard Areas (SFHA) based on their individual flood risk. First Street Foundation’s report highlights the impact that climate change and a risk-based approach could have on individual homeowners. The 2.7 million properties at risk outside the SFHA would require a 5.2 times price increase to roughly \$2,484 a year to cover their current risk. The 1.5 million properties within SFHAs, which are mandated to buy flood insurance if they hold a federally backed mortgage, would require an increase of 4.2 times, to \$7,895 a year.

“If the necessary adjustments to premiums were put in place to accurately reflect property level risk, those homes which previously benefited most from group based subsidized rates would see a reduction in their underlying value,” said Dr. Jeremy Porter, Head of Research and Development at First Street Foundation.

To provide current and prospective homeowners with a clearer picture of the financial impact of flood risk, First Street Foundation has added dollar estimates of flood damage for individual residential homes to its flood risk assessment tool [Flood Factor®](#). The new feature will provide homeowners with flood damage cost estimates based on depth of flooding, demonstrate how these costs will change from today to 30 years from now due to a changing climate, and offer a cumulative projection of flood damage costs over the typical life of home ownership, or a 30-year mortgage.

Flood Factor® data is also integrated where Americans need it most, on leading online real estate listing websites [realtor.com®](#) and [Redfin](#). In addition to these industry leading online real estate listing services, First Street Foundation has also partnered with federal agencies such as the U.S. Department of Energy, Environmental Protection Agency, the Federal Housing Finance Agency, and the Federal Reserve Bank of Atlanta, to share its data and unlock new insights that previously were not possible.

To assess estimates of flood damage, the Foundation derived AAL values using automated valuation model (AVM) data from ComeHome by HouseCanary, a leading source for property values and related data, and building characteristic data from LightBox. The Foundation then applied its comprehensive, climate adjusted, property specific [national flood model](#) to the United States Army Corps of Engineers (USACE) coastal and riverine depth damage curves, in a [peer reviewed published research study](#). Using the same methods as the USACE, the Foundation created a separate study, [currently under peer-review](#), which developed an independent pluvial damage curve to fully account for all risks.

First Street’s assessment is based directly on a property’s individual probability of flooding, creating a granular, parcel level analysis of average annual loss directly tied to an individual property’s Flood Factor®.



[First Street Foundation](#) is a nonprofit 501(c)(3) research and technology group working to define America’s growing flood risk. The Foundation uses transparent, peer-reviewed methodologies to calculate the past, present, and future flood risk of individual homes and properties across the United States. The Foundation’s data addresses an asymmetry of information in the U.S., empowering Americans to protect themselves from increasing flood risk.

[About ComeHome by HouseCanary](#): HouseCanary’s [ComeHome](#) is a leading source for property values and related data and a resource for helping navigate every step of the homeownership journey. ComeHome creates a seamless experience that puts lenders directly in front of prospective buyers at the beginning of their home search and establishes a productive, ongoing relationship with homeowner customers around their largest asset. Learn more at www.comehome.com.