

What is the difference in the Flood Zones?

Re: Flood Zones: I will try not to get too drawn out but here's the skinny, there are essentially three main flood zones on the Outer Banks that a property falls in. Those zones are X, AE, VE. A good portion of the Outer Banks is determined to be in the Special Flood Hazard Area (SFHA), which is defined as an area of land that would be inundated by a flood having a 1% chance of occurring in any given year (commonly called the 100-year flood). That said, here's what each zone means:

- **X Zone:** A flood insurance rate zone that corresponds to areas outside of the 100-year floodplains, or that have a less than 1% chance of flooding in any given year, whereby there is no established base flood elevation (BFE) and flood insurance is typically not required by federally-back loans. (lender discretion, but rarely required).
- **AE Zone:** A flood insurance rate zone that corresponds to areas in the 100-year floodplain. In most instances, Base Flood Elevations (BFE) are derived from detailed hydraulic analyses and are set accordingly throughout the zone. Example: If a property is in an AE zone with a BFE of 5ft, then construction regulations stipulate that the first habitable floor must be above 5ft. It essentially states that you are in a flood zone and could potentially flood up to the BFE based on simulated models and hydraulic analyses, therefore regulations restrict you from doing certain things below the BFE. Mandatory flood insurance purchase requirements apply.
- **VE Zone:** Take everything I have said for the AE Zone and apply here. In addition, this "velocity" zone includes the potential for wave action associated with the potential flood hazard. BFE's tend to be much higher (i.e. 12-14ft vs. 4 or 5ft) and building codes are much more restrictive.

Obviously, the higher the risk, then the higher the flood insurance premium. X zone premiums (if you elect to carry) cost next to nothing, AE zone premiums are reasonable, and VE zones are the most expensive.

Now comes the very important part: Almost every area on the Outer Banks is part of the Nat'l Flood Insurance Program (NFIP), which basically requires the Federal Gov't to provide flood insurance as a means of reducing costs in the face of natural disaster and guaranteeing recovery assistance. The premiums are very reasonable in participating communities. However, areas such as the 4wd area, are NOT part of the NFIP because they have been classified as part of the Coastal Barrier Resources System (CBRS). The gov't set these areas aside as areas for protection of habitat, resources, wildlife, etc.. Thus they discourage any development in those areas and prohibit most expenditures of Federal funds within the CBRS. Lenders must have their loans on property in a SFHA insured for flood to be federally guaranteed yet in a CBRS, there is no Federal flood insurance available so they have to resort to the private market for flood insurance to satisfy the Federal requirement. Private insurers are obviously going to have higher rates. So yes, flood insurance in the 4wd area is significantly higher because of the private vs. federal market. The flipside to that is that the property values are less so you get more for your dollar in the 4wd but the operating costs can be higher.