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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director  
Legislative Policy Division Staff 

DATE: 9/12/2025

RE: **FIX OUR FLOODED BASEMENT ACT**

Council Member Angela Whitfield-Calloway has asked the Legislative Policy Division (LPD) to provide a memorandum the Fix Our Flooded Basements Act, H.R. 4774 explaining the extent of the problem it is meant to address and how the bill may assist Detroit residents address basement flooding.

Flooding is the most common and costly natural disaster in the United States, and according to the National Flood Insurance Program (NFIP) under the Federal Emergency Management Agency (FEMA), 90% of all natural disasters in the United States involve flooding.<sup>1</sup> Flooding can occur essentially anywhere there is rainfall, and as a result 98% of counties in the United States have experienced a flood since 1998.<sup>2</sup> Weather disasters continue to rise where they cost \$546 billion in damages between 1983 and 2002, and rose to \$1.95 trillion between 2003 to 2022.<sup>3</sup>

Despite the frequency and regularity of flooding events, most homeowners' insurance policies do not cover flood damage, leaving homeowners to purchase coverage from the federally-funded NFIP program or from a private insurer. Additionally, the NFIP currently only covers specific types of flood damage that occurs in basements. The NFIP defines a basement as any area of a building with a floor that is below ground level on all sides.<sup>4</sup> Even if homeowners are enrolled in NFIP, the flood insurance is

<sup>1</sup> <https://www.iii.org/article/spotlight-on-flood-insurance>

<sup>2</sup> <https://www.fema.gov/press-release/20250602/safeguard-your-future-flood-insurance>

<sup>3</sup> <https://www.pew.org/en/research-and-analysis/articles/2023/10/12/whats-driving-the-boom-in-billion-dollar-disasters-a-lot>

<sup>4</sup> [https://agents.floodsmart.gov/sites/default/files/media/document/2025-09/fema\\_nfip-FloodInsuranceManual-October2025-508c.pdf](https://agents.floodsmart.gov/sites/default/files/media/document/2025-09/fema_nfip-FloodInsuranceManual-October2025-508c.pdf)

limited in what it covers. NFIP will cover things such as unfinished drywall, electrical junction and circuit breaker boxes, electrical outlets and switches, fuel tanks, furnaces, hot water heaters, nonflammable insulation, unfinished base support material for staircases, as well as the removal of flood water and treatment for mold and mildew.<sup>5</sup>

However, essentially all finished elements of a basement and personal property stored in a basement will not be covered. Because many people have finished basements and/or use their basement for storage, this can result in significant losses that they may not be aware of in advance. Additionally, damage and remediation caused by mold from flooding may not be covered.

Many households either choose to go without coverage or cannot afford it, where Americans had about 4.7 million NFIP policies at the end of 2024 according to FEMA data.<sup>6</sup> Only about 30% of U.S. homes in the highest-risk areas for flooding have flood insurance.<sup>7</sup> These policies cover up to \$250,000 of residential coverage for building structures and a maximum of \$100,000 for personal property. The annual cost of NFIP coverage can vary but on average it costs between \$700-800 per year per household.<sup>8</sup> Individuals can purchase flood insurance on the private market, however it can be significantly more expensive, particularly if the household is in a high flood risk area. The affordability of flood insurance is a concern for Detroit, where flooding has disproportionately affected low-income households.<sup>9</sup>

Detroit was inundated with massive storms in 2021 and 2023. Thousands of households throughout the City, particularly on the east and southwest sides of the City, experienced severe flooding. In addition to the massive loss of property damaged by sewer and stormwater, residents struggled to remove and remediate mold for years following the flooding. This is particularly concerning in Detroit, which has among the highest rates of asthma in the U.S..<sup>10</sup> Although hundreds of millions of federal and state funds have been utilized to aid residents and bolster the City's ageing infrastructure, these types of disasters are becoming more common as Detroit has experienced multiple 500-year storms in less than a decade. Further, the Trump administration has promoted eliminating FEMA on multiple occasions, meaning that additional funds may not be available in the future.<sup>11</sup>

The Fix Our Flooded Basements Act proposes to address some of the issues and lack of coverage by doing the following:

- Ensuring that federal assistance for repairs and personal and building property is available for flood-damaged basements, not just rooms that meet existing narrow occupancy requirements.
- Expanding the coverage of federal assistance to cover the costs to repair and replace property and in a flood-damaged basement affected by a major disaster.

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<sup>5</sup> [https://agents.floodsmart.gov/sites/default/files/media/document/2025-08/fema\\_nfip-ClaimsManual-June2025-508c.pdf](https://agents.floodsmart.gov/sites/default/files/media/document/2025-08/fema_nfip-ClaimsManual-June2025-508c.pdf)

<sup>6</sup> <https://www.floodsmart.gov/historical-nfip-claims-information-and-trends?map=countries/us/custom/us-all-territories&region=us&miny=all&maxy=all&county=&gtype=country>

<sup>7</sup> <https://impact.wharton.upenn.edu/centers-labs/climate-center/closing-the-flood-insurance-gap/>

<sup>8</sup> <https://www.progressive.com/answers/flood-insurance-cost/>

<sup>9</sup> <https://www.researchsquare.com/article/rs-459157/v1>

<sup>10</sup> <https://www.bridgedetroit.com/detroit-asthma-report-202/>

<sup>11</sup> <https://www.npr.org/2025/06/26/nx-s1-5430469/faq-fema-elimination>

- Ensuring that federal assistance can be adequately spent on recovery by excluding hazard mitigation measures and GFIP premiums from the maximum amount of federal disaster financial assistance provided under the FEMA Individuals and Households Program.
- Expanding eligibility and coverage for FEMA's Group Flood Insurance Policy.

If enacted, these changes would not only address the financial burdens associated with property losses from damaged basements, but more importantly it would cover mold removal and remediation to prevent additional damage and negative health effects due to inhaling mold. These types of legislative changes will be essential in the years to come, as it is expected that climate disasters will become increasingly common.