

**THE AVAILABILITY OF FLOOD  
INSURANCE FOR MOBILE  
HOME DWELLERS IN  
COLORADO SPRINGS, COLORADO**

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**ABSTRACT**

This study systematically examines the practices of insurance companies in providing flood insurance to mobile home dwellers in Colorado Springs, Colorado. Thirteen of the eighteen companies contacted sell homeowners insurance to mobile home owners. A representative from each company was asked how much it would cost to purchase homeowners and flood insurance for a new 1985 mobile home, 14 feet by 70 feet, with a value of \$22,500, placed in a mobile home park in the city limits. The rates and availability were highly variable. None of the companies inquired as to the type of foundation. Only two companies take the location of the mobile home park into consideration.

**INTRODUCTION**

This article is the beginning of an extended research effort directed to the exploration of the link between mobile homes and hazardous areas. Earlier work has provided insight on mobile homes and on flood plain management [1]. Few research efforts have studied mobile homes [2, 3]. Considering the increasing role mobile homes are playing in housing Americans, the low research profile is odd. Perhaps it can be explained by the conventional wisdom that mobile home parks are always found in flood plains.

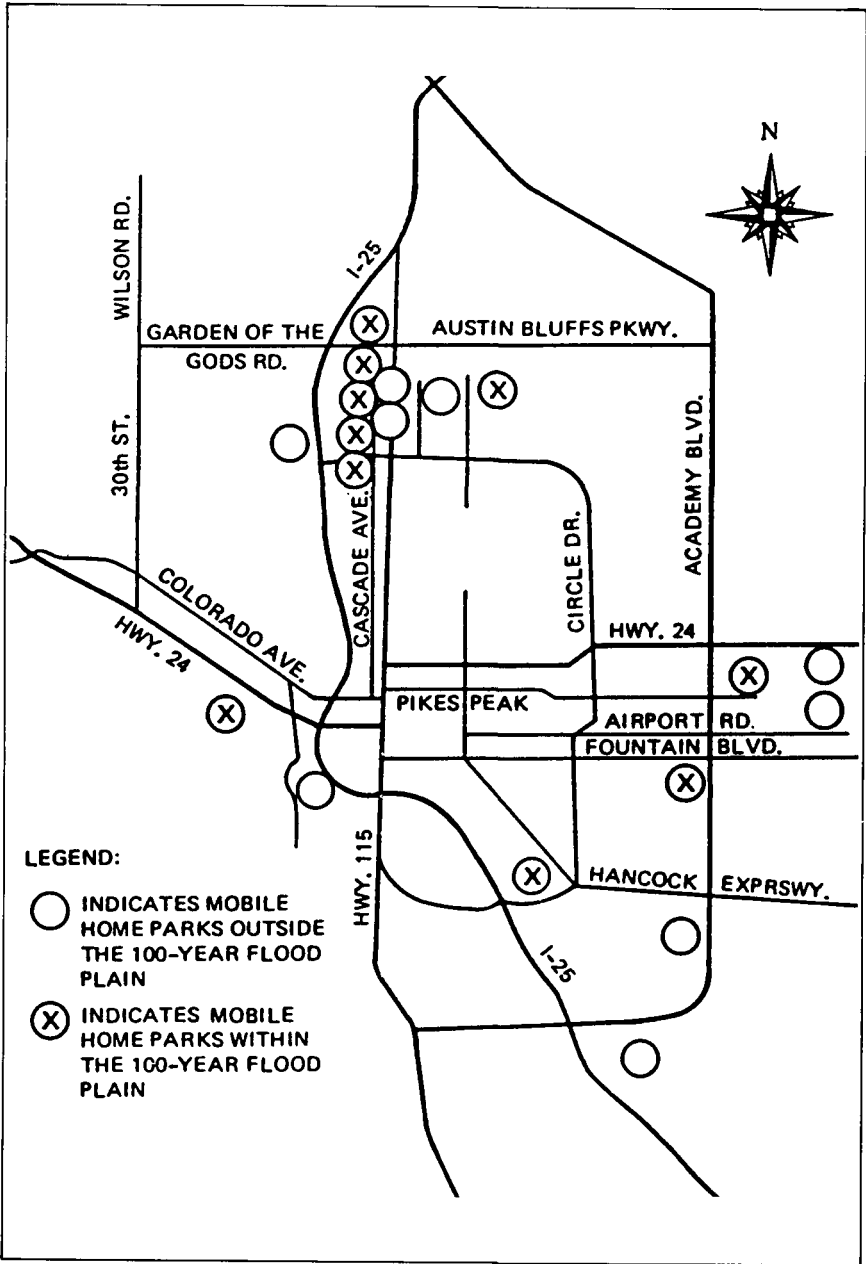


Figure 1. Mobile home parks of Colorado Springs.

The hazardous location of mobile home parks deserves more attention. Some work has been done on mobile homes vulnerable to earthquakes [4] and wind [5]. Since lower income Americans tend to purchase mobile homes, and the working class suffers proportionately greater losses than the more wealthy classes [6], the politics behind mobile home park location need examination. In Colorado Springs the correlation between mobile home park location and flood plains is apparent (see Figure 1).

## THE NATIONAL PICTURE

### Mobile Homes

Mobile homes comprise a growing percentage of our national and local housing stock, as many Americans choose or for financial reasons are forced to choose mobile or manufactured homes. Improvements in construction standards, financing arrangements, and design have radically changed the attractiveness and relative cost effectiveness of mobile home living. However, mobile homes are systematically discriminated against by municipalities and counties [7-9]. Mobile home parks, where more than half of the nation's mobile homes are found, are often excluded from residential zones and are forced to locate in commercial zones, industrial zones, and flood plains.

Mobile homes in flood plains have been addressed by the Federal Emergency Management Agency [10] and the state of Colorado [11]. Communities which participate in the National Flood Insurance Program (NFIP) prohibit new mobile home parks in flood plains. However, older mobile home parks in flood plains can legally be expanded.

### The Flood Hazard

Nearly 90 percent of all losses from natural disaster in the United States are associated with floods. The total economic losses from floods are estimated to average almost \$4 billion per year—about \$15 for every man, woman, and child in the country [12]. Lower income people tend to bear a disproportionate amount of the damage costs from floods and other natural disasters [6].

### The Flood Insurance Plan

Federally subsidized flood insurance is available for all flood plain dwellers in the United States as long as the community participates in the NFIP. In order to be a member, the community must pass and enforce a flood plain management ordinance. First the flood plain must be mapped and rates established according to the extent of hazard in different parts of the flood plain. Over 17,000 of the approximately 20,000 communities with identified

flood hazards in the United States participate. Colorado Springs is one of the members in the Emergency Program. (This is the phase that enables communities, where maps have not been finished and approved, to participate as long as an enforceable ordinance has been passed.)

The NFIP is undergoing major changes. Based on field reports filed after the Utah floods of 1982 and 1983, it was clear that private purveyors were selling flood insurance to mobile home dwellers and for substantially lower rates than the National Flood Insurance rates [13].

Before exploring the results of this study, comparative advantages and disadvantages of public and private insurance are discussed. Private insurance companies are not required to sell flood insurance to anyone. Therefore, if a community anticipates flooding even with a long lead time, the private insurers do not have to sell policies they consider too risky. The NFIP allows purchase up to five days prior to a flood.

Second, the NFIP policies are less flexible than those provided by private companies. If a mobile home dweller has thirty-six hours before a flood is expected, the NFIP will not provide coverage to move the mobile home to higher ground. A private company will authorize the relocation of the home recognizing how cost effective the move will be.

## **THE LOCAL CASE STUDY: COLORADO SPRINGS**

### **Demographics**

Since 1950, population in Colorado Springs has grown from 45,472 to 220,490, a change of 384 percent. Even conservative population projections indicate the population will exceed 550,000 by the end of the century.

### **Flood History**

The city has had relatively little recent experience with flooding. The worst recent events occurred in 1933 and 1965. The devastating 1976 Big Thompson flood had no direct impact in Colorado Springs. However, this event mobilized many Colorado Front Range communities into taking flood hazard reduction measures [14].

### **Flood Potential**

The streams in the county are lined with cottonwoods and salt cedar trees as well as low shrub vegetation. A good deal of encroachment has occurred already.

As the city expands eastward, overland flow is being interrupted causing former overland flow to gully and former gullies to deeply channelize exacerbating the threat of flooding within the country.

Flood plain zoning went into effect originally in 1974. The first drainage ordinance was passed in 1963. In February 1984, city officials received the flood hazard rate maps. It has been nearly ten years since the city entered the "emergency arm" of the NFIP and it still has not become a "regular" member.

## **Mobile Homes**

Mobile homes comprise a small, but important component of the local housing market. As of 1982, there were 5,865 mobile home units in the Pikes Peak region where they make up 4.9 percent of the total housing stock. These include units which are set up and connected to utilities and occupiable on a mobile home site [15].

Most mobile home dwellers own their units and rent spaces in parks. Most Colorado Springs mobile home parks offer amenities comparable to luxury apartment living: swimming pools, playgrounds, park area, and community recreation rooms. In addition, a yard area around each mobile home space provides the semblance of a single family house. Larger parks tend to provide areas which restrict tenancy; separate areas are found for households with children or pets, adults only, and older persons [15].

In El Paso County all mobile homes must be anchored and tied down. All new construction and substantial improvements are required to be constructed with materials and utility equipment resistant to flood damage. Piling or fill must be above base level flood.

The state law parallels the Federal standard. No mobile homes are permitted in a floodway except in an existing mobile home park or existing mobile home subdivision [11].

## **Methodology**

The findings are based on the results of eighteen interviews with insurance salespeople in Colorado Springs. Thirteen companies sell homeowners insurance to mobile home owners. A representative from each company was asked how much it would cost to purchase homeowners and flood insurance for a new 1985 mobile home, 14 feet by 70 feet, with a value of \$22,500 located in a mobile home park within city limits. The companies are designated by letters in Table 1.

Table 1. Mobile Homes and Flood Insurance Availability: The Colorado Springs Case

<i>Company</i>	<i>Homeowners Insurance</i>	<i>Flood Insurance</i>	<i>Special Requirements</i>
A	\$223	\$3	None
B	\$173	Not available	None
C	\$202 if in park with >100 units \$225 if in park with <100 units	Included	None
D	\$218—Nine parks excluded due to flooding, high water, or park condition.	Included	None
E	\$290	Included	None
F	\$251	\$3	Skirting
G	\$278	\$5	None
H	\$276	Included	Skirting
I	Not available	Not available	None
J	\$167 if in park with >100 units \$185 if in park with <100 units	Included	None
K	Not available	Not available	None
L	\$237	\$3	None
M	Not available	Not available	None
N	\$292	\$3	None
O	Not available	Not available	None
P	Not available on eastern slope	Not available	None
Q	\$262	Included	None
R	\$215	Included	None
NFIP	Not available	\$121.25 if within the 100 year flood plain. \$76.25 if outside the 100 year flood plain.	None

## RESULTS

The results of the study are shown in Table 1. Basically, we found that seven companies included flood insurance at no extra charge for mobile home owners who purchase homeowners insurance. Five companies charge a nominal fee ranging from \$3 to \$5 annually. One company does not offer flood insurance. One company restricts policies based on location in one of nine parks. These parks are considered unacceptable because of high water, flood potential, or park condition. One other company distinguishes between park quality and will not sell to a mobile homeowner in one park. Two companies charge different amounts according to park size. In thirteen out of eighteen companies, tiedowns do not make a difference in rates.

## DISCUSSION

The inconsistencies are surprising. Mobile home owners would be wise to shop around before purchasing homeowners and flood insurance. Since there have been no major floods in the past twenty years, the distinctions made by the insurance companies appear arbitrary. The distinction between the smaller and larger parks is perplexing. Perhaps the insurance companies find the larger parks to be newer and therefore better cared for than the smaller older parks. The same explanation can be used to account for the stipulation calling for skirting. Skirting, in and of itself, does not reduce a structure's vulnerability to flooding.

## QUESTIONS FOR FUTURE RESEARCH

This effort has led to new avenues for research. The following questions deserve close attention.

1. How does flood experience affect the private insurance companies' willingness to provide flood insurance in the future?
2. What has been the mobile home dweller's record with regard to filing claims and closely related to this question, has the private company promptly paid claims made after floods occur?
3. What percentage of mobile home dwellers elect to buy flood insurance whether from a private or public source?
4. How many mobile home owners who live in flood plains believe they are covered for floods by their homeowners insurance who actually do not have such coverage?

The next phase of this project will compare the Colorado Springs results with those found in Murray, Utah; Minot, North Dakota; and Johnstown, Pennsylvania, where flooding has occurred in recent years.

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