

July 19, 2017

The Honorable Mike Crapo
Chairman
Senate Committee on Banking,
Housing and Urban Affairs
Washington, D.C. 20510

The Honorable Sherrod Brown
Ranking Member
Senate Committee on Banking,
Housing and Urban Affairs
Washington, D.C. 20510

Dear Senators Crapo and Brown:

We, the undersigned groups – representing professional floodplain managers, taxpayer advocates, and environmental organizations – request the Banking Committee to direct the Government Accountability Office to assess the Federal Emergency Management Agency’s current buyout practices related to assisting States and local communities acquire flood-damaged properties, and to recommend potential options for improving such practices. We urge the Banking Committee to include such a study as an amendment to Committee’s National Flood Insurance Program (NFIP) reauthorization bill.

The NFIP is currently \$24.6 billion dollars in debt.¹ Repeatedly flooded properties are a significant driver of this debt. These properties represent 1 percent of all NFIP policies, but account for 30 percent of all damage claims.² Almost one out of every ten of these repeatedly-flooded properties received insurance claim payouts that cumulatively exceeded the value of the structure.³

For Severe Repetitive Loss Properties, the figures are even more striking. Despite only representing 0.6% of the policies insured by the NFIP, these properties constitute 9.6% of all damages paid.⁴ Between 1978 and 2015, the flood insurance program paid \$5.5 billion to rebuild roughly 30,000 homes.⁵

Therefore, a pressing need exists to mitigate the risks to these properties to reduce not only the burden on the NFIP, but also the exposure of taxpayers. Providing homeowners the option to relocate to higher ground, rather than paying them to repeatedly rebuild in place, could provide a more cost-effective and sustainable solution, especially given the challenges of sea level rise and escalating flood risks on inland waterways.

Unfortunately, efforts to mitigate these highly flood prone properties lag far behind their current growth rate.⁶ Currently, the NFIP repeatedly provides homeowners with assistance to repair and rebuild in place, but minimal assistance to help homeowners, who desire such assistance, to relocate somewhere safer. Numerous factors, such as administrative, financial, and/or temporal constraints, contribute to this problem. Therefore, studying current efforts to mitigate repeatedly-flooded properties through the voluntary purchase of those properties, including identifying ways to improve and streamline the process, should be a priority.

¹ U.S. Government Accountability Office, Flood Insurance: Comprehensive Reform Could Improve Solvency and Enhance Resilience, GAO-17-425,

² Department of Homeland Security, Office of Inspector General, “FEMA’s Implementation of Flood Insurance Reform Act of 2004,” March 2009, p. 4, https://www.oig.dhs.gov/assets/Mgmt/OIG_09-45_Mar09.pdf.

³ Id.

⁴ Federal Emergency Management Agency, Severe Repetitive Loss Property Data, 1978–2015, acquired June 7, 2016, by the Natural Resources Defense Council through a Freedom of Information Act request submitted June 20, 2014 (hereinafter referred to as FEMA SRLP Data).

⁵ FEMA SRLP Data (One-half of these homes are no longer insured by the NFIP due to the structure either being mitigated or the homeowner dropping NFIP coverage).

⁶ Department of Homeland Security, Office of Inspector General, “FEMA’s Implementation of Flood Insurance Reform Act of 2004,” March 2009, pg. 19 (The number of repeatedly-flooded properties is growing ten times faster than efforts to mitigate these properties).

We request the Committee include such study as an amendment to the Committee's NFIP reauthorization bill. The amendment should require the Government Accountability Office to assess current buyout practices, identify constraints, and recommend potential options, methods, and strategies to eliminate or minimize the adverse impacts of any identified constraints on the efficacy and efficiency of such buyout practices. It should also direct the Government Accountability Office to analyze the feasibility of establishing a pilot program to provide financial assistance to States and municipalities for buy-outs. Under the pilot program concept, the owner of a home that floods repeatedly or faces a high risk of flooding in the future could voluntarily commit to accepting a government buyout of the home when it is substantially damaged in a future flood disaster.⁷ This agreement would guarantee that homeowners who want to move will receive assistance to relocate to higher ground. A successful voluntary effort to improve removing severe repetitive loss programs from the program will leave the NFIP in a stronger financial position over the long term.

Improving the efficacy of buyout practices would mitigate the effects of increasing flood disasters, reduce the deficit faced by the NFIP, and lessen the disruption of flooding to the lives of homeowners. We ask you direct GAO to report on this issue in any reauthorization of the NFIP, and we look forward to working with Congress as it looks to reform the program.

Sincerely,



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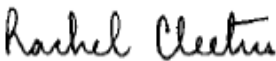
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⁷ Substantial damage is defined as damage exceeding 50 percent of the fair market value of the property (42 USC 4014(a)(2)(E)).

American Rivers • ASFPM • NRDC • Pew Charitable Trusts • R Street Institute
The Nature Conservancy • Union of Concerned Scientists

cc: Senate Banking Committee Members