

October 12, 2017

The Honorable Mitch McConnell  
Majority Leader of the Senate  
317 Russell Senate Office Building  
Washington, D.C. 20510

The Honorable Charles E. Schumer  
Minority Leader of the Senate  
322 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Paul Ryan  
Speaker of the House  
1233 Longworth House Office Building  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader of the House  
233 Cannon House Office Building  
Washington, D.C. 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Minority Leader Pelosi:

SmarterSafer-- a broad based coalition of taxpayer advocates, environmental groups, insurance interests, housing organizations, and mitigation advocates-- is pleased to see the Administration's proposal on flood insurance reform contained in the letter from OMB dated October 4, 2017. SmarterSafer urges Congress to quickly ensure that NFIP can pay claims to people who have suffered from flooding so that they can begin the lengthy and difficult process of rebuilding their lives and properties. However, as the letter from the Administration acknowledges, the program needs significant reforms to become sustainable.

The National Flood Insurance Program (NFIP) is the primary way that most people in harm's way can access insurance from flood losses; however, the program is now over \$30 billion in debt to US taxpayers, and the Administration's request seems to indicate that an additional \$16 billion will be needed to pay claims from recent storms. Though the Administration requests \$16 billion in debt forgiveness to pay claims, we believe Congress should not forgive the debt—which would mask the true indebtedness of the program—unless comprehensive reforms to the program are made to ensure such deficits do not reoccur. We are pleased to see a number of critical reforms in the Administration's letter including means tested assistance, removing barriers so that consumers have the choice of private flood policies, and a move towards additional transparency about flood risks. However, SmarterSafer believes that any debt forgiveness and any NFIP reauthorization must include comprehensive reform including:

**Accurate mapping**--FEMA must be required to ensure its floodplain maps give an accurate picture of future flood risks including at the property level. A recent report from the Homeland Security Inspector General documented several shortcomings in FEMA's efforts to provide accurate maps, making clear that communities and property owners may be unaware of their true risk of flooding. In addition, FEMA should be required to use the most accurate and precise elevation data available, such as through Light

Detection and Ranging (LIDAR) surveying, a proven technique for developing high resolution maps. This would ensure FEMA's flood maps accurately depict areas likely to flood and would contain property specific data. Without more accurate mapping, homeowners may be misled about flood risk and burdened by having to prove their elevation through expensive elevation certificates and time-consuming appeals.

**Mitigation investments**--any reform bill must include investments in mitigation so that the most at-risk properties have the ability to reduce their risk. SmarterSafer believes that the best way to reduce rates is by reducing risk. We urge Congress to include investments in mitigation as well as a requirement that FEMA work with lenders and the Federal Housing Administration to facilitate mitigation loans. We also urge Congress to include requirements that communities plan for known flooding risks, and assess community-wide nature based mitigation efforts that are cost-effective and will reduce future flooding.

**Continued move to solvency**--any reform bill must continue to move the program to fiscal soundness by gradually phasing properties to risk-based rates. For too long, the federal government has masked risk through subsidized rates, and this has resulted in a program deeply in debt to federal taxpayers. Congress should continue a gradual move to risk based rates, and should include assistance outside of the rate structure for low-income homeowners who cannot afford their full risk based rates. To ensure program solvency, FEMA should continue to use reserve funds to manage and reduce risk.

**Consumer choice**--any reform bill must include clarification of current law that homeowners can satisfy mandatory purchase requirements with private flood policies. Congress should include the Flood Insurance Market Parity and Modernization Act that is merely a clarification of current law, but is needed to assure lenders they can accept private policies. A version of this bill passed the House 419-0 last Congress, and passed the House Financial Services Committee earlier this year 58 to 0. Homeowners in harm's way should not be forced to purchase a National Flood Insurance Program policy if they can find a more affordable private policy merely because of a lack of clarity.

The additional \$16 billion needed in the flood program means that the program will be essentially \$46 billion in debt to US taxpayers. Unless Congress fixes the significant problems in NFIP, that number will continue to increase, and Congress will continually be called on to either forgive debt or add to the program's borrowing authority. Congress has a real opportunity to put the program on a more sustainable path before the program expires on December 8<sup>th</sup>, and we look forward to working with the Administration and Congress to ensure NFIP and our other disaster policies work better for people in harm's way, the environment, and taxpayers.

Sincerely,

SmarterSafer