

July 9, 2018

The Honorable Mitch McConnell  
Majority Leader  
U.S. Capitol, S-230  
Washington, DC 20510

The Honorable Charles Schumer  
Minority Leader  
U.S. Capitol, S-221  
Washington, DC 20510

Dear Leader McConnell, Leader Schumer:

As you know, the National Flood Insurance Program (NFIP) is set to expire once again on July 31<sup>st</sup>. While the Senate just included a 6 month extension in the farm bill to try and avoid a lapse in the program, continuous short-term extensions do not provide the certainty or the reforms the program needs. SmarterSafer – a broad based coalition of conservation groups, taxpayer advocates, insurance interests, and housing and mitigation experts – urges Congress to make meaningful reforms to the National Flood Insurance Program (NFIP) along with the next NFIP extension, to ensure it is financially stable over the long term and to better protect people in harm's way, the environment, and taxpayers.

**Unfortunately, NFIP— which has borrowed over \$40 billion from US taxpayers—has now been extended on a short term basis a number of times in the last year without needed reforms.** The last time NFIP reform was debated, there were 17 short-term extensions and 4 program lapses— communities and people at risk deserve better this time. They need certainty and a program and options that meet their needs. **We urge you to act quickly to pass a longer-term reauthorization that includes meaningful reforms.**

In the past year, a number of hurricane and flooding events have occurred across the United States, impacting millions of Americans. These events have once again shown that the flood program is not on stable footing, and that more needs to be done to protect those at risk. Congress must act not only to shore up the program's finances, but also to ensure more accurate mapping, to provide consumers with information on risks and choices in insurance coverage, and to encourage mitigation.

To ensure the program is sustainable in the long term, the following reforms must be included in any longer-term reauthorization:

**Accurate mapping** – The Federal Emergency Management Agency (FEMA) must be required to ensure that mapping data has both greater engineering confidence and includes property-level elevation information gathered through Light Detection and Ranging (LIDAR) surveys, a proven technique to develop high-resolution accurate maps. Without more accurate mapping, homeowners may be misled as to flood risk and burdened by having to obtain expensive elevation certificates and going through time-consuming appeals with FEMA.

**Mitigation**—The best way to reduce rates is by reducing risk. While Congress provided additional mitigation funding in its disaster package, there is more that must be done within NFIP to ensure greater investment in mitigation. Congress must require FEMA to work with lenders and the Federal Housing Administration to facilitate mitigation loans, to provide more

flexibility in ICC mitigation funds so they can be used pre-disaster, and to require communities to plan for known flood risks and assess community-wide nature-based mitigation efforts that are cost-effective and will reduce future flooding. We know mitigation is cost-effective and reduces the loss of lives and property.

**Continued move to solvency** – Congress must continue to move NFIP to fiscal soundness by gradually phasing properties to risk-based rates coupled with mitigation assistance and affordability measures for those who are low-income. For too long, the federal government has masked risk through subsidized rates, resulting in a program deeply in debt to 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. Where cost-effective, subsidies should be used for mitigation to reduce risk. To ensure solvency, FEMA should continue to use reserve funds and reinsurance to manage and reduce risk.

**Consumer choice/Affordability** – Congress must clarify current law so that homeowners can choose private flood policies if they find better rates and/or coverage in the private sector. Any reform or reauthorization must include the Flood Insurance Market Parity and Modernization Act – bipartisan legislation sponsored by Sens. Dean Heller (R-NV) and Jon Tester (D-MT). Though the bill merely clarifies current law, it 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 58-0 last year. Homeowners in harm's way should not be forced to purchase a federal NFIP policy if they can find a more affordable private policy merely because of a lack of clarity. A recent study found that in the three states with over half of all flood insurance policies, even in the highest risk areas – V zones – between 62 and 88 percent of all homeowners could potentially access more affordable flood options in the private sector. If Congress wants to address affordability, consumer options are key.

**Increased transparency** – Homeowners and communities can only make decisions to reduce the potential for flood damages if they have access to information about flood risks. FEMA should be required to make more data available to the public on flood losses, repeatedly flooded homes, and community compliance with the NFIP. Homeowners and buyers should also have a right to know more about a home's history of flood damages to help guide their decisions about mitigation.

We urge the Senate to quickly move a bill that extends the flood program while making these needed reforms and look forward to working with you.

Sincerely,

SmarterSafer