

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232 The Capitol
Washington, DC 20515

January 23, 2014

Dear Speaker Boehner,

In light of your comments last week about the need to modify the Biggert-Waters flood insurance reforms instead of simply delaying them, we are writing to recommend a number of changes for you to consider making to the law.

The National Flood Insurance Program's \$24 billion debt threatens its long-term fiscal viability as a result of policyholder premiums that have long been heavily subsidized below market rate. In 2012, Congress finally began to resolve this critical issue by passing the Biggert-Waters Flood Insurance Reform Act, which made commonsense changes to bring NFIP's finances in order and correct the program's long-standing inequities.

These reforms, however, can be amended further to address growing and legitimate concerns about affordability. Our coalition, SmarterSafer.org – a diverse group of environmental advocates, taxpayer watchdogs, insurers, and housing organizations – has previously outlined a series of changes to make Biggert-Waters more environmentally and fiscally sustainable. The proposals are outlined below:

- *Slow Down The Rate Increases For Properties Impacted By New Maps And Home Sales.* Phase in risk-based rates for remapped properties and homes sold so that households facing premium increases won't see their costs rise more than 25 percent in any year. Further, Congress should move the effective date of the home sale provision, so it only applies to homes sold after these new reforms are adopted.
- *Delay Implementing New Maps In Areas Where FEMA Is Assessing Levee And Other Flood Control Systems.* In areas where levees no longer provide 100-year flood protection, FEMA should be required to account for those levees and the level of protection they provide in both maps and rates. FEMA must not, however, delay any maps currently being considered for more than 18 months.

- *Means Tested Assistance.* Congress should require FEMA to establish a targeted, means-tested, temporary and paid-for premium support and mitigation fund to help homeowners of modest means who face affordability problems. However, this support should be outside of the rate structure—rates must be risk-based to provide policyholders with a true understanding of their risk.
- *Affordability Study.* GAO should conduct a study on how to address affordability more broadly, including how to prioritize mitigation and how households with true affordability issues can be helped. FEMA must also conduct its affordability study and report to Congress within 6 months.
- *Focus On Mitigation.* Congress should require FEMA to use a portion of its existing pre-disaster mitigation funding to mitigate properties impacted by flood insurance rate increases.
- *Responsible Communities.* Communities should be encouraged to undertake mitigation efforts through the Community Rating System (CRS). The CRS should also explicitly provide credit for natural, nature-based flood mitigation efforts. Congress should authorize FEMA to explore community-based insurance concepts that could benefit communities that invest in mitigation.
- *Private Sector Participation.* FEMA has missed numerous deadlines under Biggert-Waters, including a requirement that they look at purchasing reinsurance to better protect taxpayers. Congress should require FEMA to report within 6 months on its findings.
- *Adopt Levee Vegetation Policy By Region.* Many communities are now being told they have to purchase flood insurance due to the combination of remapping and levee decertification because of levee vegetation issues. Congress can address this issue by authorizing the Corps of Engineers to adopt a regional variance approach to regulating levee vegetation.

These changes will do more than simply assuage the opposition that has arisen over the past few months – they will target subsidies in the National Flood Insurance Program to those who truly need it while putting the program on stronger financial footing.

We hope that you will continue to build on the progress made through Biggert-Waters and help ensure the National Flood Insurance Program is restored to solvency once again.

Thank you for your consideration.

Sincerely,

SmarterSafer.org