

July 13, 2017

U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Flood insurance reform

Senate Committee on Banking, Housing, and Urban Affairs:

The National Housing Conference (NHC) understands that the Committee is in the midst of negotiating reforms to the National Flood Insurance Program (NFIP). NHC supports reauthorization along with reforms to the program so that people in harm's way understand their risks, can afford flood insurance, and can take action to protect themselves, their families and their property. We highlight here several reform priorities we hope you will consider as you move forward.

Affordability is of utmost importance to NHC. To ensure people in harm's way can afford flood insurance, we support means-tested, targeted assisted outside of the rate structure for low-income homeowners and renters. However, this does not mean the program should continue subsidies for everyone. NFIP should target premium support to those most in need who cannot afford their risk-based rates. When providing assistance, the federal government should encourage its use for mitigation when that is cost effective compared to ongoing premium subsidy. Mitigation is the best way to reduce risk and thereby reduce rates—making people safer and flood rates more affordable.

A recent study from Milliman found that private sector competition could provide more affordable rates to a majority of people in three states where there is a high concentration of flood risks. These three states—Florida, Texas and Louisiana—have over half of all NFIP policies in the country, and Milliman found that even in the riskiest areas (V zones) between 62 and 88 percent of homeowners could access more affordable insurance in the private market. This could be a huge step towards more affordable flood insurance. Consumers need good choices for flood insurance, which should include viable NFIP and private insurance policies. For this reason, we urge the Committee to pass the Heller-Tester bill to provide a clarification of current law so that lenders will accept private flood insurance if consumers choose private policies.

Expanding mitigation would strengthen a critical component of the flood program and bolster our nation's efforts to protect people in harm's way. Investments in mitigation, both for individual households and community-wide, will reduce post-disaster costs and reduce premiums for flood insurance. The Committee should consider a number of changes and investments in mitigation. We support increased flexibility and increased caps for increased cost of compliance (ICC) funding. ICC funding should be accessible pre-disaster if it is cost-effective and can reduce long-term flood risk. When possible, natural features should be part of mitigation solutions. The Committee should also require FEMA to work with lenders and FHA on mitigation loans. These loans could be structured as pay-for-success loan products with debt service paid by what would otherwise be subsidies for flood insurance premiums.

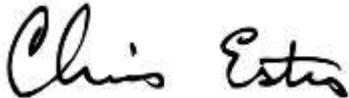
Lastly, we urge the Committee to include a requirement that FEMA begin to conduct risk analysis on a property level basis. This means requiring FEMA maps to include the most up to date data (such as provided by LiDAR mapping), to determine elevation and risk. Maps are critical to the understanding and planning for flood risk.

We appreciate the Committee's effort to ensure a timely reauthorization of NFIP with much-needed reform, and we look forward to assisting in the work of creating effective flood insurance solutions. Please contact Ethan Handelman, Vice President for Policy and Advocacy, ehandelman@nhc.org, for follow up.

About the National Housing Conference

Everyone in America should have equal opportunity to live in a quality, affordable home in a thriving community. The National Housing Conference educates decision makers and the public about housing policies and practices to move housing forward together. NHC convenes and collaborates with our diverse membership and the broader housing and community development sectors to advance our policy, research and communications initiatives to effect positive change at the federal, state and local levels. Founded in 1931, we are a nonpartisan, 501(c)3 nonprofit organization. NHC's research team operated as the Center for Housing Policy until the organizations merged in 2013.

Sincerely,



Chris Estes
President and CEO