



The Honorable Michael Crapo
Chairman
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Sherrod Brown
Ranking Member
U.S. Senate Committee on Banking,
Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

July 29, 2019

Re: S 2187, Reform and reauthorization of the National Flood Insurance Program

Dear Chairman Crapo, Ranking Member Brown, and members of Congress,

On behalf of the Waterfront Alliance and in partnership with the undersigned organizations, I am writing regarding our support for key provisions of **S 1287, The National Flood Insurance Program Reauthorization and Reform (NFIP Re) Act of 2019**, along with increased attention or amendments that focus on policy aspects we've outlined in this letter. This input reflects that of what we've heard through the work of our regional Resilience Task Force, comprised of over 100 community organizations at the frontlines of sea level rise, businesses, researchers, and governments and charged with building consensus and informing a campaign to adapt New York and New Jersey to sea level rise and coastal storms.

There is no silver bullet to address the challenge, but reforms to the National Flood Insurance Program (NFIP) and FEMA are critical components of a more forward-looking federal approach to proactively managing our risks. We recommend four overall strategies for advancing that end:

- **Proactively invest in preparing for disasters before they happen**
- **Improve the applicability of FEMA & NFIP to urban areas and future risk**
- **Increase risk transparency and insurance coverage**
- **Provide resources to support a just transition in the coastal zone**

In 2017 alone, our nation suffered more than \$300 billion in damages because of extreme events, primarily flooding and coastal storms.¹ **Our federal government is the ultimate risk manager, and we're stacking the cards against ourselves** as sea level rises and debt increases.^{2,3} Most importantly, these debts represent the

¹ National Oceanic and Atmospheric Administration. 2018. <https://www.climate.gov/news-features/blogs/beyond-data/2017-us-billion-dollar-weather-and-climate-disasters-historic-year>

² Government Accountability Office. 2018. National Flood Insurance Program. <https://bit.ly/2JOLUP6>

³ AECOM. 2013. The Impact of Climate Change and Population Growth on the National Flood Insurance Program Through 2100. Prepared for Federal Insurance and Mitigation Administration Federal Emergency Management Agency.

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hundreds of thousands of American households and individuals that have experienced devastating loss. In many cases, because of lack of flood insurance and economic disadvantage, homeowners and small businesses are still recovering or worse, may not recover, widening wealth gaps.⁴

We also face increasing risks because of sea level rise. Significant portions of Jersey City, Secaucus, Newark, Elizabeth, Linden, Carteret, Coney Island, Rockaway, Red Hook, Howard Beach, Hunts Point, Port Morris, and Throgs Neck, among others, are projected to be underwater daily before the end of the century and face disproportionate risk and social vulnerability.

After nearly two years of short-term extensions and stagnating reform initiatives, funding the flood insurance program for the next five years (**Section 101**) is of primary priority. We also support the critical changes described below, which we encourage you to consider as you engage on this important issue.

Proactively invest in preparing for disasters before they happen

According to a 2018 report by the National Institute of Building Sciences, for every dollar spent on hazard mitigation for flooding, the nation saves between \$6-7 for every dollar invested.⁵ Despite these findings, the federal approach to flood disasters continues to focus on response and recovery while underinvesting in preparation.

The creation of **state revolving loan and grant funds** for proactive flood risk reduction is supported by more than 200 organizations nationally. Increases in pre-disaster hazard mitigation overall are desperately needed, having historically failed to meet demand. Although the federal government spent \$277.6 billion from 2005 to 2014 on overall disaster assistance, the Federal Emergency Management Agency (FEMA) has spent just \$600 million on its pre-disaster Hazard Mitigation Grant Program over the same period. Such funds could support key investments in risk reduction that prioritize green infrastructure and low-income communities, and the full range of strategies needed from property acquisition and floodplain restoration to berms and integrated flood protection. **Sections 206-207** of the bill are an important start. A significant increase in federal pre-disaster dollars is needed.

Improve the applicability of FEMA and NFIP to urban areas and future risk

Many flood risk reduction measures employed in dense, urban communities do not result in reduced insurance premiums despite their effectiveness. And, as many communities and individuals are making decisions now that will lock in their investments for years to come, these decisions should be based on the best available mapping data for now and projected futures. Without these shifts, we are engendering **a false sense of security that can result in densification of areas**

⁴ NPR. March, 5, 2019. How Federal Disaster Money Favors the Rich. <https://www.npr.org/2019/03/05/688786177/how-federal-disaster-money-favors-the-rich>

⁵ National Institute of Building Sciences. 2018. Natural Hazard Mitigation Saves. <https://www.nibs.org/page/mitigationsaves>



that remain risky within the lifetime of a mortgage. FEMA can make strides to increase its applicability to urban areas and those facing future risk, including:

- **Expand mitigation options and premium credits:** Provide detailed information on how partial mitigation measures will result in reduced risk and flood insurance premiums for the urban context (e.g. multi-family buildings, attached homes, narrow, lots)
- **Improve product offering and informational resources for multifamily, mixed-use, commercial, and historic buildings**
- **Provide rating options for homeowners in expanded areas** to help encourage expanded uptake in the X-zone and areas of future flood risk, as 25% of floods occur outside of the special flood hazard area.⁶
- **Provide maps and technical assistance for incorporating future risk (sea level rise) into decision-making and regulations,** updating regulations at regular intervals based on the best available science.

Increase risk transparency and insurance coverage

The real costs of flood insurance are hidden from consumers and borne by taxpayers. There are valid concerns about the impact of rising cost of flood insurance. However, without transparent costs and a more proactive approach, we are bailing out a sinking ship rather than managing risk. We can take key steps now:

- **Better reflect risk in ratings and do so justly:** It is well-known that the rising costs of insurance are increasing the economic burden on homeowners and disproportionately affecting low- and middle-income individuals. Compounding this issue, living in the floodplain is only becoming riskier, and those risks are artificially hidden. A good solution cannot be either/or; we need to **both ensure affordability and realize risks. Realizing actual risks in pricing is an important step in the right direction, but we can also employ and phase in safeguards (Section 103)** for those who need it most so that **low, middle-income, and housing-burdened owners do not face steep increases. This can be accomplished through housing burden or income-based pricing.** Other strategies for a fair transition include cost caps for low- and middle-income owners and phasing in of rates (with no cap) for those who can afford it. Doing so should be paired with significant increases in coordinated (with state, local and community organizations) communication with those living in the floodplain about their options and alternatives (retrofits, relocation).
- **Implement flood risk “right to know” disclosures, tied to the property:** Establishing a requirement for disclosure about existing and future flood risk (long term inundation and future flood risk potential, and storm-based flooding risk, history of insurance coverage, damage claims paid, legal requirements to purchase flood insurance) associated with properties (not just those under the NFIP) in which an individual or entity may have an interest (purchase, rental, lease or investment) can lead to informed choices.

⁶ FEMA. Flood Insurance - Frequently Asked Questions. <https://bit.ly/30QZ7Oe>



While many states have flood risk disclosure laws, they are often weak.⁷ A “right to know” for rental or purchase is exhibited in existing policies and programs from lead paint risk disclosure to CarFax. **Section 417** addresses the issue of disclosure but could go further to expand awareness beyond sellers and buyers to include renters/lessors and adjacent areas in the 500-year or future floodplain. Additionally, the development of a transparent, open-data system to share information related to flood damage claims, number of repetitive loss properties, enforcement, and local building/zoning codes could benefit planning, funding, and programmatic decision-making.

- **Increase the size of the coverage pool and the ease of policy renewal:** Having insurance is critically important for enabling individuals, families, and small businesses to bounce back after a disaster. In New York and New Jersey, the percentage of individuals that hold policies is low despite requirements for federally-backed mortgages. In one study of flood-prone areas in New York City by the RAND Corporation, insurance uptake was less than 50%.⁸ One reason insurance policies are not maintained is because of the extensive paperwork required to be renewed on an annual basis. Easing renewals through means such as automatic renewals, lowering economic shock through optional monthly installment payments (**Section 104**) and increasing penalties for lenders not enforcing the requirement are ways to increase maintained coverage.

Provide resources to support a just transition in the coastal zone

Many individuals and families living in the floodplain face poverty and housing burden. Areas like Newark, New Jersey and Coney Island are extremely vulnerable to flooding and have poverty rates of one in four or higher.⁹ These varied patterns of economic and social vulnerability extend across the nation. These decisions affect ways of life an identity and are far more complicated than clear communications about risk.¹⁰ Long-term, federal strategies are needed to increase the understanding of how we support a just transition particularly of low- and moderate income and environmental justice communities. In the meantime, we can take key actions now:

- **Provide assistance for low-income families to adapt:** More assistance is needed (beyond loans, which increased debt) to provide options for low-income families at flood risk (insurance rates based on housing burden, special grants for retrofit assistance, relocation assistance). These options for equitable adaptation should be considered carefully in the development of revolving funds and other federal programs that could be employed to support an equitable transition.

⁷ Natural Resources Defense Council and Columbia University. 2019. State Disclosure Laws Leave Homebuyers in the Dark About Flood Risks <https://www.nrdc.org/flood-disclosure-map>

⁸ Dixon, L. *et al.* 2017. The Cost and Affordability of Flood Insurance. RAND Corporation https://www.rand.org/pubs/research_reports/RR1776.html

⁹ Sources: NYC Department of City Planning’s Community District Profiles (2019) and the US Census, 2010.

¹⁰ Elliot, R. 2019. ‘Scarier than another storm’: values at risk in the mapping and insuring of US floodplains. The British Journal of Sociology 2019 Volume 70 Issue 3. <https://bit.ly/2M3ijEd>



- **Provide resources to study and support the facilitation of long-term migration away from coastal areas and floodplains.** Proactive development of better resources and options for long-term migration is needed. FEMA should work to establish a clear federal program to assist states, localities, and communities to transition in areas of highest risk. Funding and research to support public engagement in identification of options for long-term managed relocation is critical. It is also recommended that FEMA explore pilot programs to support innovation and study of newly-proposed options, such as a “discounts for buyouts” program for repetitive loss properties and areas expected to be inundated by the end of the century that would offer homeowners discounts on their flood insurance premiums now, in exchange for a commitment to accept a future buyout at an agreed-upon triggering event (decision to leave, substantial damage, or end of life).¹¹ By structuring plans in advance, we can reduce uncertainty and long lag-times that can make relocation even more difficult. The emphasis of the current NFIP on helping policyholders to rebuild in the exact location without accompanying communication and resources for (quality) options is increasingly problematic. This type of program or policy could help to reduce the 2.57 million severe repetitive loss properties expected by 2100.¹² This agreement would ensure that homeowners who **want** to move will receive assistance to relocate to higher ground.

We thank you for your review of these comments and are pleased to continue to discuss this issue with you and colleagues. We can also provide the Resilience Task Force as a platform for discussion. If you have any questions about this letter, please feel free to call me at (212) 935-9831.

Sincerely,

Roland Lewis
President and CEO
Waterfront Alliance

¹¹Adler, D; M Burger; R Moore; J Scata. 2019. Changing the National Flood Insurance Program for a Changing Climate. Environmental Law Institute, Washington, DC <http://www.eli.org>.

¹² Moore, Robert. 2017. Seeking Higher Ground: How to Break the Cycle of Repeated Flooding With Climate-Smart Flood Insurance Reforms. Natural Resources Defense Council. <https://perma.cc/Q66X-D4HE>



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The Honorable Mayor Ravinder S. Bhalla, City of Hoboken, New Jersey

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WE ACT for Environmental Justice

Cc:

Governor Andrew M. Cuomo

Governor Phil Murphy

Dan Zarrilli, Chief Climate Policy Advisor, New York City Mayor's Office

Jainey Baivishi, Director, Office of Resiliency, New York City Mayor's Office