

July 18, 2017

The Honorable Mike Crapo  
Chairman  
Senate Committee on Banking,  
Housing, and Urban Affairs  
Washington, D.C. 20510

The Honorable Sherrod Brown  
Ranking Member  
Senate Committee on Banking,  
Housing, and Urban Affairs  
Washington, D.C. 20510

Dear Chairman Crapo and Ranking Member Brown:

SmarterSafer--a broad based coalition of conservation groups, taxpayer advocates, insurance interests, housing groups and mitigation experts--is pleased to see the Senate Banking Committee bill on flood insurance and the improvements in mapping and mitigation. However, we are concerned that the bill as a whole falls short of putting the program on sound financial footing and ensuring consumers have choice in flood insurance coverage.

The National Flood Insurance Program (NFIP) is almost \$25 billion in debt as a result of deep subsidies in the program and increasing severity and intensity of flooding events. Any reauthorization of the program--especially a six-year reauthorization (longer than past extensions)--must include reforms to give consumers choice and strengthen the program to better protect people in harm's way, better protect the environment, and better protect taxpayers.

To meet these goals, we urge the Committee to include a number of changes to the bill prior to final passage.

- **We urge the Committee to include the Heller-Tester bill that clarifies Congressional intent that consumers can choose private flood coverage if it is available and more affordable.** Without this clarification, lenders are unclear what private coverage can be accepted for mandatory purchase requirements, and consumers could be told they cannot choose a private policy. 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. The Heller-Tester bill passed the House 419-0 last Congress, and passed the House Financial Services Committee unanimously last month; the Senate should not support a bill that for six years could preclude homeowners from purchasing more affordable flood policies in the private sector.
- **We urge the Committee to include provisions to put more properties on the path to risk-based rates coupled with mitigation assistance and affordability measures to assist low- income homeowners who are unable to afford true risk-based rates.** Subsidies in the program mask the threat of flooding, putting lives and property at risk. A move to risk-based rates coupled with premium support for those who are low-income will ensure people understand their risk and will have incentives to undertake mitigation measures. The best way to reduce rates is to reduce risk; instead of continuing subsidies in perpetuity, Congress should require FEMA to look at cost-effective ways to mitigate risk both at an individual and community level.

- **We urge the Committee to make additional mitigation investments.** The Committee bill includes a number of needed reforms in the area of mitigation, including to Increased Cost of Compliance (ICC) coverage and requiring risky communities to plan for known risks. We urge the Committee to take further steps including allowing use of ICC pre-flooding; requiring FEMA work with FHA and lenders to create mitigation loan products; requiring use of 'subsidy' for mitigation where cost-effective; requiring communities at risk to take into account nature-based solutions to mitigate risk; and further increasing the authorized level for cost-effective mitigation grants. In addition, information about flood risks must be transparent, and households and communities should have a right to NFIP flood risk data in order to spur mitigation actions to reduce their risk.

We appreciate the inclusion of a number of provisions in the bill including requiring the use of the most accurate data tools as well as a digital database in mapping. The Coalition strongly supports requiring FEMA to get property level elevation data to ensure maps and rates are accurate. In addition, we support provisions in the bill on mitigation including flexibility in ICC, requiring communities to better plan for mitigation, and transparency about flood risks upon home sale. We look forward to working with the Committee and the Senate to include additional needed reforms in the final reauthorization package.

Sincerely,

SmarterSafer

Cc: Senate Committee on Banking, Housing, and Urban Affairs Members