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**Statement of the  
Michigan Association of REALTORS®  
and  
The NATIONAL ASSOCIATION of REALTORS®**

**Submitted to the Subcommittee on Regulatory Affairs  
Of the House Committee on Government Reform  
For the Hearing**

**"FEMA's Floodplain Map Modernization: A State and Local Perspective"**

**May 8, 2006**

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Thank you for the opportunity to submit a statement presenting the views of the Michigan Association of Realtors® (MAR) and the National Association of Realtors® (NAR) on the issue of the Federal Emergency Management Agency's (FEMA) floodplain mapping initiative. Over 30,000 members of MAR and more than 1.2 million members of NAR wish to thank Chairwoman Miller for holding this hearing on a subject that is of great importance to REALTORS®.

It is often said that REALTORS® don't sell homes, we sell communities. The members of MAR and NAR are concerned and active members of our communities. We recognize and support the need to have up-to-date and reliable floodplain maps. Accurate floodplain maps are an integral part of a well-functioning National Flood Insurance Program (NFIP) because they can help communities manage the risk of flooding by identifying areas where there is an increased flood risk. According to FEMA, mapping flood hazards creates a broad-based awareness of flood hazards and provides the data needed for floodplain management programs to actuarially rate new construction for flood insurance.

**FEMA's Flood Insurance Rate Maps**

Flood Insurance Rate Maps (FIRMs) determine whether a property is located in a floodplain, and thus whether the owner is required to purchase flood insurance in order to secure a mortgage. When maps are inaccurate, owners of properties incorrectly identified as being located in a floodplain unnecessarily are required to purchase flood insurance. Similarly, properties incorrectly excluded from a floodplain are exposed to flood risk without the benefit of insurance coverage. During a property transaction, correction of an inadvertent inclusion - through FEMA's Letter of Map Amendment process - adds unnecessary cost and delay to the transaction.

Flood maps serve a number of other important functions. The National Oceanographic and Atmospheric Administration estimates that the cost of flood damage in the 1990s exceeded \$5 billion annually, with an average of 100 deaths per year due to flooding. To limit the costly impact of floods, flood maps help communities develop flood management strategies, implement more effective land use and building codes, develop disaster preparedness plans, and incorporate disaster planning into regional economic development strategies.

Currently, FEMA is in the middle of an initiative to modernize its floodplain maps by replacing the existing paper maps with computerized maps that are more accurate, more accessible, and more easily updated. FEMA's map modernization program goes beyond simple replacement of paper maps with digital ones. Digital technology will allow FEMA to collect new and better data.

NAR was pleased that Congress recognized the importance of accurate and dependable floodplain maps and provided FEMA with an additional \$200 million in each of Fiscal Years 2003-2006 to continue the Agency's map modernization program. For FY 2007, FEMA requested an additional \$199 million to continue its map modernization program. NAR strongly encourages Congress to appropriate the full amount so that FEMA can continue this important project.

However, this map modernization program must be completed the right way. Because the



FIRMs form the basis of the National Flood Insurance Program and play a vital role in keeping our communities safe from flooding, it is imperative that these maps are accurate. Unfortunately, given the current timeframe for completion and limited resources, we are concerned that FEMA may be sacrificing quality for quantity by updating as many maps as possible instead of updating the maps in a technologically and scientifically sound manner.

A key parameter for evaluating the initiative was progress toward a goal of mapping 100% of the population in five years. Yet, as the Map Modernization Initiative has proceeded, it has become clear to FEMA and state, local and industry stakeholders that the project is more complex, extensive, and costly than originally estimated. A number of the assumptions that FEMA made to produce the original cost and time estimates underestimated the scope of mapping needs, but became obvious only after the project began. For example, it was not until the project had moved forward that all stakeholders appreciated the need to retain the old maps for critical referencing data, and needed to address storage and accessibility requirements for these old maps within the new digitized format. These are the kinds of unforeseen factors that become apparent after a project has started, and can lead to delays and cost increases.

In some areas of little growth, existing data may continue to be accurate. However, in many areas, existing data are not accurate and need to be updated. There have been problems identified with some of the early maps produced under the modernization initiative. For example, with some of these new maps, the floodplain does not match existing topographic data. Creating, digitizing and making available inaccurate maps fails to solve the initial problems associated with outdated maps and will continue to have far-reaching implications. Communities will remain at risk and their citizens will be placed in harm's way if the flood map incorrectly identifies the floodplain and its associated landforms. Communities will balk at adopting these maps, because they do not resolve their flood map problems or improve upon current maps. Taxpayers will be dissatisfied with spending nearly one billion dollars for maps that fail to properly identify hazards and slow down or delay property transactions. When Congress becomes aware of these flood map problems, a backlash may occur that could impair future funding for technically correct maps. After extensive discussion with members of the National Flood Map Modernization Coalition, FEMA has adopted a quality assurance procedure that provides for matching the best available topographic data or reflects current conditions, for all the maps going forward.

NAR believes a three-pronged approach is the best way to focus on the concerns regarding FEMA's Map Modernization project.

- The timeframe for creating and digitizing the new maps needs to be adjusted. Instead of mapping 100% of communities in the first five years of the program, which could mean rushing the process and producing inaccurate maps, FEMA should refocus on mapping a smaller percent of the most at-risk communities with high quality maps. As new surveys and engineering studies are more expensive and time-consuming than digitizing existing data, this refocusing strategy will require additional time to complete all of the necessary updates but will ensure a better quality output. The objectives of an extended map modernization program can be fulfilled at the current level of annual funding if those annual appropriations are allowed to be extended over a longer period of time.
- The maps that need to be updated should be reprioritized. FEMA should conduct a new prioritization process to determine which maps need to be restudied, and when. Not all stream miles in all communities will need to be studied, nor will all the hydrologic/hydraulic data need to be updated. In addition, a reprioritization process will create efficiencies in the program that will help create new maps where they are needed most.
- Maps issued prior to the implementation of the quality assurance standard will need to be re-evaluated and completed to ensure the data they contain is the most updated and accurate.

NAR continues to work with the Flood Map Modernization Coalition ("Coalition") to encourage Congress to provide sufficient funding to FEMA to complete the Flood Map Modernization Initiative. In addition to NAR, the Coalition includes stakeholders such as homebuilders, lenders, state and county officials, insurers and other public interest organizations. NAR also continues to work with FEMA to provide guidance and input on the usefulness and cost-effectiveness of these new maps and the map modernization initiative.

#### **The National Flood Insurance Program**

The National Flood Insurance Program (NFIP) helps people achieve the American Dream of home ownership by providing affordable flood insurance that is unavailable in the private market. The NFIP is a unique partnership between three levels of government. It enables property owners in participating communities to purchase insurance as a protection against flood losses in exchange for State and community floodplain management regulations that reduce future flood damages. As a result, federal expenditures for disaster assistance and

flood control are reduced.

According to FEMA, as of February 28, 2006, the National Flood Insurance Program (NFIP) partners with nearly 20,000 communities nationwide and holds nearly 4.9 million policies representing more than \$871 billion in insurance coverage. Nearly 69% of these policies were for single family homes. These same data indicate that in Michigan, there were 25,961 policies representing more than \$3.5 billion in coverage. The NFIP provides over 90% of all flood insurance nationwide and close to 100% of flood insurance coverage for individually-owned properties and small- to mid-size commercial properties.

It is critical that flood insurance remain accessible and equitable for all individuals who own property in a floodplain. NAR supports provisions in H.R. 4973, the Flood Insurance Modernization and Reform Act of 2006, that would increase the borrowing authority of the NFIP, increase premiums on repetitive loss properties that have a significant negative impact on the NFIP, increase the number of properties in the NFIP, and increase coverage limits. These provisions would make the program more financially sound. In addition, NAR supports other important provisions including the study required to be performed by the Comptroller General, a reduction of the waiting period for policies to become effective, FEMA reporting on the financial status of the NFIP, an inventory of levees, and the flood mapping program.

The Michigan Association of Realtors® and the National Association of Realtors® encourage Congress to pass NFIP reform legislation that will ensure the long-term viability of this important program.

Thank you for providing the opportunity for the Michigan Association of Realtors® and the National Association of Realtors® to share our views on FEMA's floodplain map modernization initiative and the National Flood Insurance Program.

[NFIP Issue Summary](#)



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